
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549
FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended April 25, 2020

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File No. 0-20572

PATTERSON COMPANIES, INC.

(Exact name of registrant as specified in its charter)

Minnesota
(State or other jurisdiction of
incorporation or organization)

41-0886515
(I.R.S. Employer
Identification No.)

1031 Mendota Heights Road
St. Paul, Minnesota 55120

(Address of principal executive offices including Zip Code)

Registrant's telephone number, including area code: (651) 686-1600

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of each class</u>	<u>Trading Symbol(s)</u>	<u>Name of exchange on which registered</u>
Common Stock, par value \$.01	PDCO	NASDAQ Global Select Market

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>	Non-accelerated filer	<input type="checkbox"/>
Smaller reporting company	<input type="checkbox"/>	Emerging growth company	<input type="checkbox"/>		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

The aggregate market value of voting common equity held by non-affiliates, computed by reference to the price at which the common equity was last sold as of the last business day of the registrant's most recently completed second fiscal quarter (October 26, 2019) was approximately \$1,627,000,000 (For purposes of this calculation all of the registrant's executive officers and directors are deemed affiliates.)

As of June 16, 2020, there were 95,975,000 shares of Common Stock of the registrant issued and outstanding.

Documents Incorporated By Reference

Portions of the registrant's definitive proxy statement to be filed pursuant to Regulation 14A within 120 days after the registrant's fiscal year-end of April 25, 2020 are incorporated by reference into Part III.

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PART I

Item 1. BUSINESS

Forward-Looking Statements

The U.S. Private Securities Litigation Reform Act of 1995 provides a “safe harbor” for forward-looking statements to encourage companies to provide prospective information, so long as those statements are identified as forward-looking and are accompanied by meaningful cautionary statements identifying important factors that could cause actual results to differ materially from those disclosed in the statement. Certain information of a non-historical nature contained in Items 1, 2, 3 and 7 of this Form 10-K includes “forward-looking statements” within the meaning of the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995, including statements regarding future financial performance, and the objectives and expectations of management. Forward-looking statements often include words such as “believes,” “expects,” “anticipates,” “estimates,” “intends,” “plans,” “seeks” or words of similar meaning, or future or conditional verbs, such as “will,” “should,” “could” or “may.” Forward-looking statements are neither historical facts nor assurances of future performance. Instead, such statements, including, but not limited to, our statements regarding business strategy, growth strategy, competitive strengths, productivity and profitability enhancement, competition, new product and service introductions and liquidity and capital resources, are based only on our current beliefs, expectations and assumptions regarding the future of our business, future plans and strategies, projections, anticipated events and trends, the economy and other future conditions, as well as on assumptions made by and information currently available to management, and involve various risks and uncertainties, some of which are beyond our control.

Because forward-looking statements relate to the future, they are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict and many of which are outside of our control. Our actual results and financial condition may differ materially from those indicated in the forward-looking statements. Therefore, you should not place undue reliance on any of these forward-looking statements. Any number of factors could affect our actual results and cause such results to differ materially from those contemplated by any forward-looking statements. Reference is made to “Risk Factors” in Item 1A and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in Item 7 of this Form 10-K, for a discussion of certain factors that could cause actual operating results to differ materially from those expressed in any forward-looking statements. In light of these risks and uncertainties, there can be no assurance that the forward-looking information will in fact prove to be accurate. The order in which these factors appear should not be construed to indicate their relative importance or priority. We caution that these factors may not be exhaustive, accordingly, any forward-looking statements contained herein should not be relied upon as a prediction of actual results.

You should carefully consider these and other relevant factors and information which may be contained in this Form 10-K and in our other filings with the U.S. Securities and Exchange Commission, or SEC, when reviewing any forward-looking statement. Investors should understand it is impossible to predict or identify all such factors or risks. As such, you should not consider the risks identified in our SEC filings, to be a complete discussion of all potential risks or uncertainties.

Any forward-looking statement made in this Form 10-K is based only on information currently available to us and speaks only as of the date on which it is made. We do not undertake any obligation to release publicly any revisions to any forward-looking statements whether written or oral, that may be made from time to time, whether as a result of new information, future developments or otherwise.

General

Patterson Companies, Inc. is a value-added specialty distributor serving the U.S. and Canadian dental supply markets and the U.S., Canadian and U.K. animal health supply markets. Patterson operates through its two strategic business units, Patterson Dental and Patterson Animal Health, offering similar products and services to different customer bases. Each business has a strong competitive position, serves a highly fragmented market that offers consolidation opportunities and offers relatively low-cost consumable supplies, which makes our value-added business proposition highly attractive to our customers. We believe that we have a strong brand identity as a value-added, full-service distributor with broad product and service offerings, having begun distributing dental supplies in 1877.

Impacts of COVID-19

The COVID-19 pandemic, including closures and other steps taken by governmental authorities in response to the virus, has had a significant impact on our businesses. In March 2020, based upon the recommendations of the American Dental Association, the American Veterinary Medical Association and such organizations' state-level counterparts, various dental and veterinary offices announced that they were performing only emergency or limited procedures, and rescheduled wellness exams and other elective procedures. In addition, many states and countries imposed restrictions on business operations to protect public health. Finally, the pandemic disrupted meat packing operations, which impacted our Animal Health segment. These closures materially impacted our fourth quarter sales and financial results.

In response, management adapted our business practices with respect to employee travel, employee work locations, and cancellation of physical participation in meetings, events and conferences. Management also took proactive steps with respect to our liquidity position and near-term cost structure, including through incremental borrowings on our revolving credit facility to increase cash, reduction of non-critical capital expenditures, executive, board, and other senior-level employee compensation reductions, employee furloughs, discretionary spending deferrals and the deferral of payroll taxes under the CARES Act.

The full extent to which COVID-19 impacts our business, results of operations and financial condition will depend on future developments, which are highly uncertain and cannot be predicted. As of June 2020, dental and veterinary offices have resumed operations in many areas that we serve, sometimes subject to social distancing and capacity restrictions. However, we continue to experience disruptions in our business and would experience heightened concerns upon a second wave of infection, economic downturn, or other adverse developments.

Refer to Part I, Item 1A, "Risk Factors," and Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations," within this Annual Report for further information on the impacts to our business and results of operations, our dividends, liquidity and debt arrangements, and associated risks and uncertainties.

Business Overview

The following table sets forth consolidated net sales (in millions) by segment.

	Fiscal Year Ended		
	April 25, 2020	April 27, 2019	April 28, 2018
Dental	\$ 2,102	\$ 2,192	\$ 2,196
Animal Health	3,336	3,355	3,243
Corporate	52	28	27
Consolidated net sales	<u>\$ 5,490</u>	<u>\$ 5,575</u>	<u>\$ 5,466</u>

Our strategically located fulfillment centers enable us to better serve our customers and increase our operating efficiency. This infrastructure, together with broad product and service offerings at competitive prices, and a strong commitment to customer service, enables us to be a single source of supply for our customers' needs. Our infrastructure also allows us to provide convenient ordering and rapid, accurate and complete order fulfillment.

Electronic commerce solutions have become an integral part of dental and animal health supply and distribution relationships. Our distribution business is characterized by rapid technological developments and intense competition. The continuing advancement of online commerce requires us to cost-effectively adapt to changing technologies, to enhance existing services and to develop and introduce a variety of new services to address the changing demands of consumers and our customers on a timely basis, particularly in response to competitive offerings. We believe that our tradition of reliable service, our name recognition and large customer base built on solid customer relationships, position us well to participate in this significant aspect of the distribution business. We continue to explore methods to improve and expand our Internet presence and capabilities, including our online commerce offerings and our use of various social media outlets.

Patterson became publicly traded in 1992 and is a corporation organized under the laws of the state of Minnesota. We are headquartered in St. Paul, Minnesota. Our principal executive offices are located at 1031 Mendota Heights Road, St. Paul, Minnesota 55120, and our telephone number is (651) 686-1600. Unless the context specifically

requires otherwise, the terms the “Company,” “Patterson,” “we,” “us” and “our” mean Patterson Companies, Inc., a Minnesota corporation, and its consolidated subsidiaries.

The Specialty Distribution Markets We Serve

We provide manufacturers with cost effective logistics and high-caliber sales professionals to access a geographically diverse customer base, which is critical to the supply chain for the markets we serve. We provide our customers with an array of value-added services, a dedicated and highly skilled sales team, and a broad selection of products through a single channel, thereby helping them efficiently manage their ordering process. Due in part to the inability of our customers to store and manage large quantities of supplies at their locations, the distribution of supplies and small equipment has been characterized by frequent, small-quantity orders, and a need for rapid, reliable and substantially-complete order fulfillment. Supplies and small equipment are generally purchased from more than one distributor, with one generally serving as the primary supplier.

We believe that consolidation within the industry will continue as distributors, particularly those with limited financial, operating and marketing resources, seek to combine with larger companies that can provide growth opportunities. This consolidation also may continue to result in distributors seeking to acquire companies that can enhance their current product and service offerings or provide opportunities to serve a broader customer base.

Dental Supply Market

The dental supply market we serve consists of a sizeable geographically dispersed number of highly fragmented dental practices. Customers range in size from sole practitioners to large group practices or service organizations. According to the American Dental Association and the Canadian Dental Association, there are approximately 200,000 dentists practicing in the U.S. and 22,000 dentists practicing in Canada. We believe the average dental practitioner purchases supplies from more than one supplier.

We believe the North American dental supply market continues to experience growth due to an increasing population, an aging population, advances in dentistry, demand for general, preventive and specialty services, increasing demand for new technologies that allow dentists to increase productivity, demand for infection control products, and insurance coverage by dental plans.

We support dental professionals through the many stock keeping units (“SKUs”) that we offer, as well as through important value-added services, including practice management software, electronic claims processing, financial services and continuing education, all designed to help maximize a practitioner’s efficiency.

Animal Health Supply Market

The animal health supply market is a mix of production animal supply, which primarily consists of beef and dairy cattle, poultry and swine, and other food-producing animals, and companion animal supply, which primarily consists of dogs, cats and horses. Similar to the dental supply market, the animal health supply market is highly fragmented and diverse. Our production animal customers include large animal veterinarians, beef producers (cow/calf, stocker and feedlots), dairy producers, poultry producers, swine producers and retail customers. According to the American Veterinary Medical Association, there are more than 70,000 veterinarians in private practice in the U.S. and Canada. Furthermore, there are approximately 20,000 veterinarians in the U.K. practicing in veterinary outlets; however, we believe there has been a shift in the U.K. market toward consolidation of veterinary practices. National Veterinary Services Limited, our veterinary products distributor in the U.K., has the highest percentage of buying groups and corporations as customers compared to its competitors.

We believe the animal health supply market continues to experience growth. We support our animal health customers through the distribution of biologicals, pharmaceuticals, parasiticides, supplies and equipment and by actively engaging in the development, sale and distribution of inventory, accounting and health management systems. Within the companion animal supply market, we anticipate increasing demand for veterinary services due to the following factors: the increasing number of households with companion animals, increased expenditures on animal health and preventative care, an aging pet population, advancements in animal health products and diagnostic testing, and extensive marketing programs sponsored by companion animal nutrition and pharmaceutical companies.

Product sales in the production animal supply market are impacted by volatility in commodity prices such as milk, grains, livestock and poultry. Changes in weather patterns also influence how long cattle will graze and consequently the number of days an animal is on feed during a finishing phase. In addition, changes in the general economy can shift the number of animals treated, the timing of when animals are treated, to what extent they are treated and with which products they are treated. Historically, sales in this market have been largely driven by spending on animal health products to improve productivity, weight gain and disease prevention, as well as a growing focus on safety and efficiency in livestock production. Within the production animal supply market, we anticipate an increasing demand for protein as consumption continues to increase with the growing population.

Competition

The distribution industry is highly competitive. It consists principally of national, regional and local full-service distributors. Substantially all of the products we sell are available to customers from a number of suppliers. In addition, our competitors could obtain exclusive rights from manufacturers to market particular products. Some manufacturers also sell directly to end-users, thereby eliminating or reducing our role and that of other distributors.

We compete with other distributors, as well as several manufacturers, of dental and animal health products, on the basis of price, breadth of product line, customer service and value-added products and services. To differentiate ourselves from our competition we deploy a strategy of premium customer service with multiple value-added components, a highly qualified and motivated sales force, highly-trained and experienced service technicians, an extensive breadth and mix of products and services, technology solutions allowing customers to easily access our inventory, accurate and timely delivery of product, strategic location of sales offices and fulfillment centers, and competitive pricing.

In the U.S. and Canadian dental supply market, we compete against Henry Schein, Inc., Benco Dental Supply Company, Burkhardt Dental Supply and hundreds of distributors that operate on a regional or local level, or online. Also, as noted above, some manufacturers sell directly to end users. With regard to our dental practice management software, we compete against numerous companies, including Carestream Health, Inc. and Henry Schein, Inc.

In the U.S. and Canadian animal health supply market, our primary competitors are AmerisourceBergen and Covetrus, Inc., following Henry Schein, Inc.'s spin-off of its animal health business. We also compete against a number of regional and local animal health distributors, as well as a number of manufacturers, including pharmaceutical companies that sell directly to production animal operators, animal health product retailers and veterinarians. We face significant competition in the animal health supply market in the U.K., where we compete on the basis of price and customer service with several large competitors, including Covetrus, Inc. and AmerisourceBergen. We also compete directly with pharmaceutical companies who sell certain products or services directly to the customer. In the animal health practice management market, our primary competitors are IDEXX Laboratories, Inc. and Covetrus, Inc.

Successful distributors are increasingly providing value-added services in addition to the products they have traditionally provided. We believe that to remain competitive we must continue to add value to the distribution channel, while removing unnecessary costs associated with product movement. Significant price reductions by our competitors could result in competitive harm. Any of these competitive pressures may materially adversely affect our operating results.

Competitive Strengths

We have more than 140 years of experience in distributing products resulting in strong awareness of the Patterson brand. Although further information regarding these competitive strengths is set forth below in the discussion of our two strategic business units, our competitive strengths include:

- *Broad product and service offerings at competitive prices.* We offer approximately 190,000 SKUs to our customers, including many proprietary branded products. We believe that our proprietary branded products and our competitive pricing strategy have generated a loyal customer base that is confident in our brands. Of the SKUs offered, approximately 90,000 are offered to our dental customers and approximately 100,000 are offered to our animal health customers. Our product offerings include consumables, equipment and software. Our service offerings include software and design services, repair and maintenance, and equipment financing.

- *Focus on customer relationships and exceptional customer service.* Our sales and marketing efforts are designed to establish and solidify customer relationships through personal visits by field sales representatives, interaction via phone with sales representatives, web-based activities including e-commerce and frequent direct marketing, emphasizing our broad product lines, competitive prices and ease of order placement. We focus on providing our customers with exceptional order fulfillment and a streamlined ordering process.
- *Cost-effective purchasing and efficient distribution.* We believe that cost-effective purchasing is a key element to maintaining and enhancing our position as a competitive-pricing provider of dental and animal health products. We strive to maintain optimal inventory levels to satisfy customer demand for prompt and complete order fulfillment through our distribution of products from strategically located fulfillment centers.

Business Strategy

Our objective is to continue to expand as a leading value-added distributor of dental and animal health products and services. To accomplish this, we will apply our competitive strengths in executing the following strategies:

- *Emphasizing our value-added, full-service capabilities.* We are positioned to meet virtually all of the needs of dental practitioners, veterinarians, production animal operators and animal health product retailers by providing a broad range of consumable supplies, technology, equipment and software and value-added services. We believe our knowledgeable sales representatives can create special relationships with customers by providing an informational link to the overall industry. Our value-added strategy is further supported by our equipment specialists who offer consultation on design, equipment requirements and financing, our service technicians who perform equipment installation, maintenance and repair services, our business development professionals who provide business tools and educational programs to our customers, and our technology advisors who provide guidance on integrating technology solutions.
- *Using technology to enhance customer service.* As part of our commitment to providing superior customer service, we offer our customers easy order placement. Although we offer computerized order entry systems that we believe help establish relationships with new customers and increase loyalty among existing customers, predominant platforms for ordering today include www.pattersondental.com, www.pattersonvet.com and www.animalhealthinternational.com. The use of these methods of ordering enables our sales representatives to spend more time with existing and prospective customers. Our Internet environment includes order entry, customer support for digital and our proprietary products, customer-loyalty program reports and services, and access to articles and manufacturers' product information. We also provide real-time customer and sales information to our sales force, managers and vendors via the Internet. In addition, the Patterson Technology Center ("PTC") differentiates Patterson from our competition by positioning Patterson as a single-source solution for digital components. In addition to trouble-shooting through the PTC's support center, customers can access various service capabilities offered by the PTC, including electronic claims and statement processing and system back-up capabilities.
- *Continuing to improve operating efficiencies.* We continue to implement programs designed to improve our operating efficiencies and allow for continued sales growth. This strategy includes our continuing investment in management information systems and consolidation and leveraging of fulfillment centers and sales branches between our operating segments. In addition, we have established shared sales branch offices in several locations.
- *Growing through internal expansion and acquisitions.* We intend to continue to grow by hiring established sales representatives, hiring and training skilled sales professionals, opening additional locations as needed, and acquiring other companies in order to enter new, or more deeply penetrate existing, markets, gain access to additional product lines, and expand our customer base. We believe both of our operating segments are well positioned to take advantage of expected continued consolidation in our markets.

Dental Segment - Products, Services and Sources of Supply

Patterson Dental, one of the two largest distributors of dental products in North America, has operations in the U.S. and Canada. As a full-service, value-added supplier to over approximately 100,000 dentists, dental laboratories, institutions, and other healthcare professionals, Patterson Dental provides consumable products (including infection control, restorative materials, hand instruments and sterilization products); basic and advanced technology dental

equipment; innovative technology solutions, including practice management software and e-commerce solutions; patient education systems; and office forms and stationery. Patterson Dental offers customers approximately 90,000 SKUs of which more than 4,000 are private-label products sold under the Patterson brand. Patterson Dental also offers customers a range of related services including software and design services, maintenance and repair, and equipment financing. Net sales and operating income were \$2.1 billion and \$168 million in fiscal 2020, respectively.

The following table sets forth the percentage of total sales by the principal categories of products and services offered to our dental segment customers:

	Fiscal Year Ended		
	April 25, 2020	April 27, 2019	April 28, 2018
Consumable	54 %	55 %	57 %
Equipment and software	32	32	30
Value-added services and other ⁽¹⁾	14	13	13
	100 %	100 %	100 %

⁽¹⁾ Consists of other value-added services, including software and design service, and maintenance and repair.

Patterson Dental obtains products from hundreds of vendors. Substantially all of our relationships with vendors are non-exclusive. In September 2017, we ended the exclusive portion of our relationship with Sirona Dental Systems to enable us to better serve the evolving needs of all of our customers and the full range of practice models, including the Dental Support Organizations (“DSOs”) that represent an increasing share of the dental market.

While Patterson Dental makes purchases from many suppliers, and there is generally more than one source of supply for most of the categories of products we sell, the concentration of business with key suppliers is considerable. In fiscal 2020 and 2019, Patterson Dental's top ten supply vendors accounted for approximately 63% and 48% of the total cost of sales, respectively. Its top vendor accounted for 22% and 19% of the total cost of sales in fiscal 2020 and 2019, respectively.

Animal Health Segment - Products, Services and Sources of Supply

Patterson Animal Health is a leading distributor of animal health products in the U.S., Canada and the U.K. We sell more than 100,000 SKUs sourced from over 2,000 manufacturers to over 50,000 customers in the highly fragmented animal health supply market. Products we distribute include pharmaceuticals, vaccines, parasiticides, diagnostics, prescription and non-prescription diets, nutritionals, consumable supplies, equipment and software. We offer a private label portfolio of products to veterinarians, producers, and retailers through our Aspen, First Companion and Patterson Veterinary brands. We also provide a range of value-added services to our customers. Within our companion animal supply market, our principal customers are companion-pet and equine veterinarians, veterinary clinics, public and private institutions, and shelters. In our production animal supply market, our principal customers are large animal veterinarians, production animal operators and animal health product retailers. Net sales and operating loss were \$3.3 billion and \$595 million in fiscal 2020, respectively.

The following table sets forth the percentage of total sales by the principal categories of products and services offered to our animal health segment customers:

	Fiscal Year Ended		
	April 25, 2020	April 27, 2019	April 28, 2018
Consumable	97 %	97 %	97 %
Equipment and software	2	2	2
Value-added services and other	1	1	1
	100 %	100 %	100 %

Patterson Animal Health obtains products from over 2,000 vendors globally. While Patterson Animal Health makes purchases from many vendors and there is generally more than one source of supply for most of the categories of products, the concentration of business with key vendors is considerable. In fiscal 2020 and 2019, Patterson Animal Health's top 10 manufacturers comprised approximately 70% and 65%, respectively, of the total cost of sales, and the single largest supplier comprised approximately 20% of the total cost of sales.

Sales, Marketing and Distribution

During fiscal 2020, we sold products or services to over 150,000 customers who made one or more purchases during the year. Our customers include dentists, laboratories, institutions, other healthcare professionals, veterinarians, other animal health professionals, production animal operators and animal health product retailers. No single customer accounted for more than 10% of sales during fiscal 2020, and we are not dependent on any single customer or geographic group of customers.

We have offices throughout the U.S. and Canada so that we can provide a presence in the market and decision-making near the customer. Patterson Animal Health also has a central office in the U.K. Our offices, or sales branches, are staffed with a complete complement of our capabilities, including sales, customer service and technical service personnel, as well as a local manager who has decision-making authority with regard to customer-related transactions and issues.

A primary component of our value-added approach is our sales force. Due to the highly fragmented nature of the markets we serve, we believe that a large sales force is necessary to reach potential customers and to provide full service. Sales representatives provide an informational link to the overall industry, assist practitioners in selecting and purchasing products and help customers efficiently manage their supply inventories. Our need for a large dedicated sales force in the U.K. is reduced due to the presence of buying groups and corporate customers as well as the significant number of orders placed electronically in the U.K.

In the U.S. and Canada, customer service representatives in call centers work in tandem with our sales representatives, providing a dual coverage approach for individual customers. In addition to processing orders, customer service representatives are responsible for assisting customers with ordering, informing customers of monthly promotions, and responding to general inquiries. In the U.K., our customer service team is primarily responsible for handling customer inquiries and resolving issues.

To assist our customers with their purchasing decisions, we provide a multi-touchpoint shopping experience. From print to digital, this seamless experience is inclusive of products and services information. Patterson offers online and in-print showcases of our expansive merchandise and equipment offerings, including digital imaging and computer-aided design and computer-aided manufacturing ("CAD/CAM") technologies, hand-held and similar instruments, sundries, office design, e-services, repair and support assistance, as well as financial services. We also promote select products and services through our monthly magazine, *Insight*, in the U.S. and Canada, and our quarterly magazine, *The Cube*, in the U.K. Additional direct marketing tools that we utilize include customer loyalty programs, social media, and participation in trade shows.

We believe that responsive delivery of quality supplies and equipment is key to customer satisfaction. We ship consumable supplies from our strategically located fulfillment centers in the U.S. and Canada. In the U.K., orders are accepted in a centralized fulfillment center and shipped nationwide to one of our depots located throughout the country at which pre-packed orders are sorted by route for delivery to customers. Orders for consumable supplies can be placed through our sales representatives, customer service representatives or electronically 24 hours a day, seven days a week. Rapid and accurate order fulfillment is another principal component of our value-added approach.

In order to assure the availability of our broad product lines for prompt delivery to customers, we must maintain sufficient inventories at our fulfillment centers. Purchasing of consumables and standard equipment is centralized, and our purchasing department uses a real-time perpetual inventory system to manage inventory levels. Our inventory consists mostly of consumable supply items and pharmaceutical products.

Geographic Information

For information on revenues and long-lived assets of our segments by geographic area, see Note 13 to the Consolidated Financial Statements.

Discontinued Operations

In August 2015, we sold Patterson Medical Holdings, Inc., our wholly owned subsidiary responsible for our medical rehabilitative and assistive products supply business known as Patterson Medical, for \$717 million to Madison

Dearborn Partners. For a limited period of time following the disposition, Patterson continued to provide certain transition services to Patterson Medical, as owned by Madison Dearborn Partners, pursuant to a transition services agreement.

Seasonality and Other Factors Affecting Our Business and Quarterly Results

Our business in general is not seasonal; however, there are some products that typically sell more often during the winter or summer season. In any given month, unusual weather patterns (e.g., unusually hot or cold weather) could impact the sales volumes of these products, either positively or negatively. In addition, we experience fluctuations in quarterly earnings. As a result, we may fail to meet or exceed the expectations of securities analysts and investors, which could cause our stock price to decline. Quarterly results may be materially adversely affected by a variety of factors, including:

- timing and amount of sales and marketing expenditures;
- timing of pricing changes offered by our suppliers;
- timing of the introduction of new products and services by our suppliers;
- changes in or availability of supplier contracts or rebate programs;
- supplier rebates based upon attaining certain growth goals;
- changes in the way suppliers introduce or deliver products to market;
- costs of developing new applications and services;
- our ability to correctly identify customer needs and preferences and predict future needs and preferences;
- uncertainties regarding potential significant breaches of data security or disruptions of our information technology systems;
- regulatory actions, or government regulation generally;
- loss of sales representatives;
- costs related to acquisitions and/or integrations of technologies or businesses;
- costs associated with our self-insured insurance programs;
- general market and economic conditions, as discussed in Item 1A: Risk Factors, including pandemic and civil unrest, as well as those specific to the supply and distribution industry and related industries;
- our success in establishing or maintaining business relationships;
- difficulties of manufacturers in developing and manufacturing products;
- product demand and availability, or product recalls by manufacturers;
- exposure to product liability and other claims in the event that the use of the products we sell results in injury;
- increases in shipping costs or service issues with our third-party shippers;
- fluctuations in the value of foreign currencies;
- goodwill impairment;
- changes in interest rates;
- restructuring costs;
- the adoption or repeal of legislation;
- changes in accounting principles; and
- litigation or regulatory judgments, fines, forfeitures, penalties, equitable remedies, expenses or settlements.

Governmental Regulation

Operating, Security and Licensure Standards

Our dental and animal health supply businesses involve the distribution of pharmaceuticals and medical devices, and in this regard we are subject to various local, state, federal and foreign governmental laws and regulations applicable to the distribution of pharmaceuticals and medical devices. Among the U.S. federal laws applicable to us are the Controlled Substances Act, the Federal Food, Drug, and Cosmetic Act, as amended (the “FDC Act”), and Section 361 of the Public Health Service Act. We are also subject to comparable foreign regulations.

The FDC Act and similar foreign laws generally regulate the introduction, manufacture, advertising, labeling, packaging, storage, handling, reporting, marketing and distribution of, and record keeping for, pharmaceuticals and medical devices shipped in interstate commerce, and states may similarly regulate such activities within the state. Section 361 of the Public Health Service Act, which provides authority to prevent the introduction, transmission, or spread of communicable diseases, serves as the legal basis for the U.S. Food and Drug Administration’s (“FDA”) regulation of human cells, tissues and cellular and tissue-based products, also known as “HCT/P products.”

The federal Drug Quality and Security Act of 2013 brought about significant changes with respect to pharmaceutical supply chain requirements. Title II of this measure, known as the Drug Supply Chain Security Act (“DSCSA”), is being phased in over a period of 10 years, and is intended to build a national electronic, interoperable system to identify and trace certain prescription drugs as they are distributed in the U.S. The law’s track and trace requirements applicable to manufacturers, wholesalers, repackagers and dispensers (e.g., pharmacies) of prescription drugs took effect in January 2015. The DSCSA product tracing requirements replace the former FDA drug pedigree requirements and pre-empt certain state requirements that are inconsistent with, more stringent than, or in addition to, the DSCSA requirements.

The DSCSA also establishes certain requirements for the licensing and operation of prescription drug wholesalers and third party logistics providers (“3PLs”), and includes the eventual creation of national wholesaler and 3PL licenses in cases where states do not license such entities. The DSCSA requires that wholesalers and 3PLs distribute drugs in accordance with certain standards regarding the recordkeeping, storage and handling of prescription drugs. The DSCSA requires wholesalers and 3PLs to submit annual reports to the FDA, which include information regarding each state where the wholesaler or 3PL is licensed, the name and address of each facility and contact information. According to FDA guidance, states are pre-empted from imposing any licensing requirements that are inconsistent with, less stringent than, directly related to, or covered by the standards established by federal law in this area. Current state licensing requirements concerning wholesalers will remain in effect until the FDA issues new regulations as directed by the DSCSA.

The Food and Drug Administration Amendments Act of 2007 and the Food and Drug Administration Safety and Innovation Act of 2012 amended the FDC Act to require the FDA to promulgate regulations to implement a unique device identification (“UDI”) system. The UDI rule phased in the implementation of the UDI regulations over seven years, generally beginning with the highest-risk devices (i.e., Class III medical devices) and ending with the lowest-risk devices. The UDI regulations require “labelers” to include unique device identifiers (“UDIs”), with a content and format prescribed by the FDA and issued under a system operated by an FDA-accredited issuing agency, on the labels and packages of medical devices, and to directly mark certain devices with UDIs. The UDI regulations also require labelers to submit certain information concerning UDI-labeled devices to the FDA, much of which information is publicly available on an FDA database, the Global Unique Device Identification Database. Regulated labelers include entities such as device manufacturers, repackagers, reproducers and relabelers that cause a device’s label to be applied or modified, with the intent that the device will be commercially distributed without any subsequent replacement or modification of the label, and include certain of our businesses.

Under the Controlled Substances Act, as a distributor of controlled substances, we are required to obtain and renew annually registrations for our facilities from the U.S. Drug Enforcement Administration (“DEA”) permitting us to handle controlled substances. We are also subject to other statutory and regulatory requirements relating to the storage, sale, marketing, handling and distribution of such drugs, in accordance with the Controlled Substances Act and its implementing regulations, and these requirements have been subject to heightened enforcement activity in recent times. We are subject to inspection by the DEA. There have also been increasing efforts by various levels of government globally to regulate the pharmaceutical distribution system in order to prevent the introduction of counterfeit, adulterated or misbranded pharmaceuticals into the distribution system.

Certain of our businesses are also required to register for permits and/or licenses with, and comply with operating and security standards of, the DEA, the FDA, the U.S. Department of Health and Human Services, and various state boards of pharmacy, state health departments and/or comparable state agencies as well as comparable foreign agencies, and certain accrediting bodies depending on the type of operations and location of product distribution, manufacturing or sale. These businesses include those that distribute, manufacture and/or repackage prescription pharmaceuticals and/or medical devices and/or HCT/P products, or own pharmacy operations, or install, maintain or repair equipment. In addition, Section 301 of the National Organ Transplant Act, and a number of comparable state laws, impose civil and/or criminal penalties for the transfer of certain human tissue (for example, human bone products) for valuable consideration, while generally permitting payments for the reasonable costs incurred in procuring, processing, storing and distributing that tissue. We are also subject to foreign government regulation of such products. The DEA, the FDA and state regulatory authorities have broad inspection and enforcement powers, including the ability to suspend or limit the distribution of products by our fulfillment centers, seize or order the recall of products and impose significant criminal, civil and administrative sanctions for violations of these laws and regulations. Foreign regulations subject us to similar foreign enforcement powers. Furthermore, compliance with legal requirements has required and may in the future require us to institute voluntary recalls of products we sell, which could result in financial losses and potential reputational harm. Our customers are also subject to significant federal, state, local and foreign governmental regulation.

Certain of our businesses are subject to various additional federal, state, local and foreign laws and regulations, including with respect to the sale, transportation, storage, handling and disposal of hazardous or potentially hazardous substances, and safe working conditions.

Certain of our businesses also maintain contracts with governmental agencies and are subject to certain regulatory requirements specific to government contractors.

During the first quarter of fiscal 2019, the U.S. Attorney's Office for the Western District of Virginia ("USAO-WDVA") informed us that our subsidiary, Animal Health International, Inc., had been designated a target of a criminal investigation. The investigation originally related to Animal Health International's sales of prescription animal health products to certain persons and/or locations not licensed to receive them in Virginia and Tennessee in violation of federal law. After being contacted by the USAO-WDVA, Patterson retained outside legal counsel and began an internal investigation. Since that time, we produced documents both responsive to grand jury subpoenas and voluntarily. In December 2018, as a result of our internal investigation, we voluntarily advised the USAO-WDVA that some of Animal Health International's shipments of prescription animal health products were made from a warehouse rather than a pharmacy to end-user customers in the states of Virginia and Tennessee. Thereafter, as part of our internal investigation, we conducted a comprehensive review of Animal Health International's distribution and licensing practices across all 50 U.S. states. That review identified compliance issues in additional states, which we voluntarily disclosed to the USAO-WDVA in April 2019. Our Board of Directors established a special investigation committee to oversee and conduct the investigation, to review our licensing, dispensing, distribution and related sales practices company-wide, and to report on its findings to the Board and to the USAO-WDVA. As a result of the internal investigation, we modified our licensing, dispensing, distribution and related sales processes company-wide. We reached an agreement with the USAO-WDVA that resolved the federal government's criminal investigation into Animal Health International and other non-compliant licensing, dispensing, distribution and related sales processes disclosed during the investigation. Under the terms of the agreement, Animal Health International paid a total criminal fine and forfeiture of \$52.8 million in the fourth quarter of fiscal 2020, and Animal Health International pleaded guilty to a strict-liability misdemeanor offense under the Federal Food, Drug and Cosmetic Act in connection with its failure to comply with federal law relating to the sales of prescription animal health products. In addition, Animal Health International and Patterson entered into a non-prosecution agreement for other non-compliant licensing, dispensing, distribution and related sales processes disclosed during the investigation and committed to undertake additional compliance program enhancements and provide compliance certifications for the period from the date of signing the non-prosecution agreement through the next three full fiscal years. The sentencing hearing took place on May 4, 2020, and the court entered a one-year probation period for Animal Health International. We recorded a reserve of \$58.3 million in our Corporate segment for the three and six months ended October 26, 2019 to account for the then-anticipated settlement of this matter and certain related costs and expenses. This matter may continue to divert management's attention and cause us to suffer reputational harm. We also may be subject to other fines or penalties, equitable remedies (including but not limited to the suspension, revocation or non-renewal of licenses) and litigation. The occurrence of any of these events could adversely affect our business, financial condition and results of operations.

Antitrust

The U.S. federal government, most U.S. states and many foreign countries have antitrust laws that prohibit certain types of conduct deemed to be anti-competitive. Violations of antitrust laws can result in various sanctions, including criminal and civil penalties. Private plaintiffs also can bring, and have brought, civil lawsuits against us in the U.S. for alleged antitrust violations, including claims for treble damages. See "Item 3. Legal Proceedings" for additional information.

Health Care Fraud

Certain of our businesses are subject to federal and state (and similar foreign) health care fraud and abuse, referral and reimbursement laws and regulations with respect to their operations. Some of these laws, referred to as "false claims laws," prohibit the submission or causing the submission of false or fraudulent claims for reimbursement to federal, state and other health care payers and programs. Other laws, referred to as "anti-kickback laws," prohibit soliciting, offering, receiving or paying remuneration in order to induce the referral of a patient or ordering, purchasing, leasing or arranging for or recommending ordering, purchasing or leasing, of items or services that are paid for by federal, state and other health care payers and programs. The fraud and abuse laws and regulations have been subject to varying interpretations, as well as heightened enforcement activity over the past few years, and significant enforcement activity has been the result of "relators," who serve as whistleblowers by filing

complaints in the name of the U.S. (and, if applicable, particular states) under federal and state false claim laws. Under the federal False Claims Act, relators can be entitled to receive up to 30% of the total recoveries. Also, violations of the federal False Claims Act can result in treble damages. Most states have adopted similar state false claims laws, and these state laws have their own penalties which may be in addition to federal False Claims Act penalties. The U.S. Patient Protection and Affordable Care Act as amended by the Health Care and Education Reconciliation Act, each enacted in March 2010 (the "Health Care Reform Law"), significantly strengthened the federal False Claims Act and the federal Anti-Kickback Law provisions, which could lead to the possibility of increased whistleblower or relator suits, and among other things made clear that a federal Anti-Kickback Law violation can be a basis for federal False Claims Act liability.

Failure to comply with fraud and abuse laws and regulations could result in significant civil and criminal penalties and costs, including the loss of licenses and the ability to participate in federal and state health care programs, and could have a material adverse effect on our business. Also, these measures may be interpreted or applied by a prosecutorial, regulatory or judicial authority in a manner that could require us to make changes in our operations or incur substantial defense and settlement expenses. Even unsuccessful challenges by regulatory authorities or private relators could result in reputational harm and the incurring of substantial costs. In addition, many of these laws are vague or indefinite and have not been interpreted by the courts, and have been subject to frequent modification and varied interpretation by prosecutorial and regulatory authorities, increasing the risk of noncompliance.

Health Care Reform

The Health Care Reform Law increased federal oversight of private health insurance plans and included a number of provisions designed to reduce Medicare expenditures and the cost of health care generally, to reduce fraud and abuse, and to provide access to increased health coverage. The continued uncertain status of the Health Care Reform Law affects our ability to plan.

A Health Care Reform Law provision, generally referred to as the Physician Payment Sunshine Act or Open Payments Program, has imposed reporting and disclosure requirements for drug and device manufacturers and distributors with regard to payments or other transfers of value made to certain practitioners (including physicians, dentists and teaching hospitals), and for such manufacturers and distributors and for group purchasing organizations, with regard to certain ownership interests held by physicians in the reporting entity. The Centers for Medicare and Medicaid Services ("CMS") publishes information from these reports on a publicly available website, including amounts transferred and physician, dentist and teaching hospital identities. Amendments expanded the law to also require reporting, effective Jan. 1, 2022, of payments or other transfers of value to physician assistants, nurse practitioners, clinical nurse specialists, certified registered nurse anesthetists, and certified nurse-midwives, and this new requirement will be effective for data collected beginning in calendar year 2021.

Under the Physician Payment Sunshine Act we are required to collect and report detailed information regarding certain financial relationships we have with physicians, dentists and teaching hospitals. The Physician Payment Sunshine Act pre-empts similar state reporting laws, although we or our subsidiaries may also be required to report under certain state transparency laws that address circumstances not covered by the Physician Payment Sunshine Act, and some of these state laws, as well as the federal law, can be ambiguous. We are also subject to foreign regulations requiring transparency of certain interactions between suppliers and their customers. Our compliance with these rules imposes additional costs on us.

In addition, recently there has been increased scrutiny on drug pricing and concurrent efforts to control or reduce drug costs by Congress, the President, and various states, including that several related bills have been introduced at the federal level. Such legislation, if enacted, could have the potential to impose additional costs on our business.

Regulated Software; Electronic Health Records

The FDA has become increasingly active in addressing the regulation of computer software and digital health products intended for use in health care settings, and has developed and continues to develop policies on regulating clinical decision support tools and other types of software as medical devices. Certain of our businesses involve the development and sale of software and related products to support physician and dental practice management, and it is possible that the FDA or foreign government authorities could determine that one or more of our products is a medical device, which could subject us or one or more of our businesses to substantial additional requirements with respect to these products.

In addition, certain of our practice management products include electronic information technology systems that store and process personal health, clinical, financial and other sensitive information of individuals. These information technology systems may be vulnerable to breakdown, wrongful intrusions, data breaches and malicious attack, which could require us to expend significant resources to eliminate these problems and address related security concerns, and could involve claims against us by private parties and/or governmental agencies. For example, we are directly or indirectly subject to numerous and evolving federal, state, local and foreign laws and regulations that protect the privacy and security of such information, such as the privacy and security provisions of the federal Health Insurance Portability and Accountability Act of 1996, as amended, and implementing regulations (“HIPAA”). HIPAA requires, among other things, the implementation of various recordkeeping, operational, notice and other practices intended to safeguard that information, limit its use to allowed purposes and notify individuals in the event of privacy and security breaches. Failure to comply with these laws and regulations can result in substantial penalties and other liabilities.

Other health information standards, such as regulations under HIPAA, establish standards regarding electronic health data transmissions and transaction code set rules for specific electronic transactions, such as transactions involving claims submissions to third party payers. Certain of our electronic practice management products must meet these requirements. Failure to abide by electronic health data transmission standards could expose us to breach of contract claims, substantial fines, penalties and other liabilities and expenses, costs for remediation and harm to our reputation.

In addition, the European Parliament and the Council of the European Union have adopted a new pan-European General Data Protection Regulation (“GDPR”), effective from May 2018, which increased privacy rights for individuals in Europe, including individuals who are our customers, suppliers, and employees. The GDPR extended the scope of responsibilities for data controllers and data processors, and generally imposes increased requirements and potential penalties on companies that offer goods or services to individuals who are located in Europe (“Data Subjects”) or monitor their behavior (including by companies based outside of Europe). Noncompliance can result in penalties of up to the greater of EUR 20 million, or 4% of global company revenues. Individual member states may impose additional requirements and penalties regarding certain matters such as employee personal data. With respect to the personal data it protects, the GDPR requires, among other things, company accountability, consents from Data Subjects or other acceptable legal basis to process the personal data, breach notifications within 72 hours, data integrity and security, and fairness and transparency regarding the storage, use or other processing of the personal data. The GDPR also provides rights to Data Subjects relating to modification, erasure and transporting of the personal data.

In the United States, the California Consumer Privacy Act (“CCPA”), which increases the privacy protections afforded California residents and was signed into law in June 2018, became effective on January 1, 2020. The CCPA generally requires companies, such as us, to institute additional protections regarding the collection, use and disclosure of certain personal information of California residents. The California Attorney General released proposed CCPA regulations in October 2019, and is required to adopt final regulations on or before July 1, 2020. In addition to providing for enforcement by the California Attorney General, the CCPA also provides for a private right of action. Entities in violation of the CCPA may be liable for civil penalties. Other states, as well as the federal government, have increasingly considered the adoption of similarly expansive personal privacy laws, backed by significant civil penalties for non-compliance. While we believe we have substantially compliant programs and controls in place to comply with the GDPR and CCPA requirements, our compliance with these measures is likely to impose additional costs on us, and we cannot predict whether the interpretations of the requirements, or changes in our practices in response to new requirements or interpretations of the requirements, could have a material adverse effect on our business.

We also sell products and services that health care providers use to store and manage patient medical or dental records. These customers, and we, are subject to laws, regulations and industry standards, such as HIPAA and the Payment Card Industry Data Security Standards, which require the protection of the privacy and security of those records, and our products may also be used as part of these customers’ comprehensive data security programs, including in connection with their efforts to comply with applicable privacy and security laws. Perceived or actual security vulnerabilities in our products or services, or the perceived or actual failure by us or our customers who use our products or services to comply with applicable legal or contractual data privacy or security requirements, may not only cause us significant reputational harm, but may also lead to claims against us by our customers and/or governmental agencies and involve substantial fines, penalties and other liabilities and expenses and costs for remediation.

E-Commerce

Electronic commerce solutions have become an integral part of traditional health care supply and distribution relationships. Our distribution business is characterized by rapid technological developments and intense competition. The continuing advancement of online commerce requires us to cost-effectively adapt to changing technologies, to enhance existing services and to develop and introduce a variety of new services to address the changing demands of consumers and our customers on a timely basis, particularly in response to competitive offerings.

Through our proprietary, technologically based suite of products, we offer customers a variety of competitive alternatives. We believe that our tradition of reliable service, our name recognition and large customer base built on solid customer relationships, position us well to participate in this significant aspect of the distribution business. We continue to explore ways and means to improve and expand our Internet presence and capabilities, including our online commerce offerings and our use of various social media outlets.

International Transactions

In addition, U.S. and foreign import and export laws and regulations require us to abide by certain standards relating to the importation and exportation of products. We also are subject to certain laws and regulations concerning the conduct of our foreign operations, including the Foreign Corrupt Practices Act and other anti-bribery laws and laws pertaining to the accuracy of our internal books and records, as well as other types of foreign requirements similar to those imposed in the U.S.

There can be no assurance that regulations that impact our business or customers' practices will not have a material adverse effect on our business. As a result of political, economic and regulatory influences, the health care distribution industry in the U.S. is under intense scrutiny and subject to fundamental changes. We cannot predict what further reform proposals, if any, will be adopted, when they may be adopted, or what impact they may have on us.

See "Item 1A. Risk Factors" for a discussion of additional burdens, risks and regulatory developments that may affect our results of operations and financial condition.

Proprietary Rights

We hold trademarks relating to the "Patterson®" name and logo, as well as certain other trademarks. Our U.S. trademark registrations have 10-year terms, and may be renewed for additional 10-year terms. We intend to protect our trademarks to the fullest extent practicable.

Employees

As of April 25, 2020, we had approximately 7,800 full-time employees. We have not experienced a shortage of qualified personnel in the past and believe that we will be able to attract such employees in the future. We believe our relations with employees to be good.

Available Information

We make available free of charge through our website, www.pattersoncompanies.com, our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, statements of beneficial ownership of securities on Forms 3, 4 and 5 and amendments to these reports and statements filed or furnished pursuant to Section 13(a) and Section 16 of the Securities Exchange Act of 1934 as soon as reasonably practicable after such materials are electronically filed with, or furnished to, the U.S. Securities and Exchange Commission, or SEC. This material may be accessed by visiting the Investor Relations section of our website.

In addition, the SEC maintains an Internet website at www.sec.gov, where the above information can be viewed.

Information relating to our corporate governance, including our Principles of Business Conduct and Code of Ethics, and information concerning executive officers, Board of Directors and Board committees, and transactions in Patterson securities by directors and officers, is available on or through our website, www.pattersoncompanies.com in the Investor Relations section.

Information maintained on the website is not being included as part of this Annual Report on Form 10-K.

Information About Our Executive Officers

Set forth below is the name, age and position of the executive officers of Patterson, who are elected annually and serve at the discretion of our Board of Directors, as of June 16, 2020.

Mark S. Walchirk	54	President and Chief Executive Officer, Director – Patterson Companies, Inc.
Donald J. Zurbay	52	Chief Financial Officer - Patterson Companies, Inc.
Kevin M. Pohlman	57	President - Patterson Animal Health
Eric Shirley	54	President - Patterson Dental
Les B. Korsh	50	Vice President, General Counsel and Secretary - Patterson Companies, Inc.
Andrea Frohning	50	Chief Human Resources Officer - Patterson Companies, Inc.

Background of Executive Officers

Mark S. Walchirk became our President and Chief Executive Officer in November 2017. Mr. Walchirk previously served as President of U.S. Pharmaceutical at McKesson Corporation from October 2012 to October 2017, where he held responsibility for McKesson's U.S. Pharmaceutical sales, distribution and customer service operations. Mr. Walchirk joined McKesson in April 2001 and held various leadership positions including President of McKesson Specialty Care Solutions and Chief Operating Officer of McKesson U.S. Pharmaceutical. Before joining McKesson, he spent 13 years in medical-surgical distribution and manufacturing with Baxter Healthcare, Allegiance Healthcare and Encompass Group, holding various leadership positions in sales, marketing, operations and business development. Mr. Walchirk brings strategic and leadership experience, including healthcare services and distribution experience, to our Board.

Donald J. Zurbay became our Chief Financial Officer in June 2018. Mr. Zurbay most recently served as Vice President and Chief Financial Officer at global medical device manufacturer St. Jude Medical, Inc. from August 2012 through the January 2017 acquisition of St. Jude Medical by Abbott Laboratories. At St. Jude Medical, Mr. Zurbay was responsible for all accounting, financial and business development activities. He joined St. Jude Medical in 2003 and held various leadership positions, including Director of Finance and Vice President and Corporate Controller. Prior to joining St. Jude Medical, Mr. Zurbay worked at PricewaterhouseCoopers for five years as an Assurance and Business Advisory Services Senior Manager. Before joining PricewaterhouseCoopers, he was a General Accounting Manager at The Valspar Corporation. Mr. Zurbay started his career at Deloitte & Touche as an auditor in 1989. In terms of public company board service, Mr. Zurbay served as a director of Avedro, Inc. from its February 2019 initial public offering through its November 2019 sale, and he has served as a director of Silk Road Medical, Inc. since its April 2019 initial public offering.

Kevin M. Pohlman became President of Patterson Animal Health in July 2017. Mr. Pohlman joined Animal Health International, Inc., which was acquired by Patterson in 2015, in August 2001 and was previously its Vice President of Sales and Marketing. Prior to assuming that role, Mr. Pohlman was President of Corporate Sales and Marketing. Beginning in 2001, Mr. Pohlman held a variety of leadership roles, including Vice President of Dealer Sales with oversight of the Marketing department until June 2011. Mr. Pohlman began his career with Pohlman Bros. Supply, a family-owned dealer and distributor of dairy equipment, animal health supplies and food plan supplies in Ohio.

Eric Shirley became President of Patterson Dental in January 2019. He most recently served as Chief Commercial Officer at Midmark, a leading provider of medical, dental and veterinary equipment, technology and services. In this role, Mr. Shirley was responsible for driving revenue, marketing and operational efficiency within the company's dental, medical and animal health divisions. Mr. Shirley was employed by Midmark from 2004 to 2019. Prior to his time at Midmark, Mr. Shirley held leadership positions at Dentsply Preventive Care, Dentsply International and several other dental manufacturers.

Les B. Korsh became Vice President, General Counsel and Secretary of Patterson in July 2015. Mr. Korsh served as Patterson's Associate General Counsel since June 2014. Prior to joining Patterson, Mr. Korsh held positions as Vice President and Associate General Counsel for MoneyGram International, Inc. from May 2004 to May 2014, and

was a principal in the law firm of Gray Plant Mooty, P.A. from June 1999 to May 2004. He has served as a director of the Patterson Foundation since June 2016.

Andrea Frohning became our Chief Human Resources Officer in May 2018. Ms. Frohning joined Patterson from Snyder's-Lance where she held the role of Senior Vice President, Chief Human Resources Officer from March 2016 to March 2018, and was responsible for leading all aspects of the company's human resources. Prior to her tenure at Snyder's-Lance, she was Vice President Human Resources at Crane Co. from November 2013 to February 2016. Ms. Frohning also held other human resource managerial positions at Hubbell Inc., General Electric Consumer Finance and Pepsi Bottling Group.

Item 1A. RISK FACTORS

The risks described below could have a material adverse effect on our business, reputation, financial condition and/or the trading price of our common stock. Although it is not possible to predict or identify all such risks and uncertainties, they may include, but are not limited to, the factors discussed below. Our business operations could also be affected by additional factors that are not presently known to us or that we currently consider not to be material to our operations. You should not consider this list to be a complete statement of all risks and uncertainties. The order in which these factors appear should not be construed to indicate their relative importance or priority.

The dental and animal health supply markets are highly competitive, and we may not be able to compete successfully.

Our competitors include national, regional and local full-service distributors, mail-order distributors and Internet-based businesses. Some of our competitors have greater resources than we do, or operate through different sales and distribution models that could allow them to compete more successfully. For example, many of our suppliers are manufacturers, some of whom compete with us by selling directly to customers. Internet-based businesses also sell direct to consumers, and may offer the same product at a lower cost.

Most of our products are available from multiple sources, and our customers tend to have relationships with several different distributors who can fulfill their orders. If any of our competitors are more successful with respect to any key competitive factor such as technological advances or newer low-cost business models with the ability to operate at higher gross margins, our sales and profitability could be adversely affected. Increased competition from any supplier of dental or animal health products could adversely impact our financial results. Additional competitive pressure could arise from, among other things, limited demand growth or a significant number of additional competitive products or services being introduced into a particular market, the emergence of new competitors, the unavailability of products, price reductions by competitors, and the ability of competitors to capitalize on their economies of scale. Manufacturers also could increase their efforts to sell directly to end-users and thereby eliminate or reduce the role of distributors. These suppliers could sell their products at lower prices and maintain a higher gross margin on the product sales than we can. In addition, our ability to deliver market growth is challenged by an animal health product mix that is weighted toward lower growth, lower margin parts of the value chain. For example, our current product mix may hamper our ability to tap into specialty areas with strong procedural growth.

Industry consolidation has also adversely affected and may continue to adversely affect our margins and product availability. There has been increasing consolidation among manufacturers as well as distributors, which could cause the industry to become more competitive as greater economies of scale are achieved by competitors, or as competitors with lower cost business models are able to operate with lower prices and gross profit on products. In addition, in recent years there has also been a trend towards consolidation in the industries that buy our products and services, including the consolidation of dental practices into larger clinics and dental service organizations, the consolidation of veterinary practices as well as producers, and the formation of group purchasing organizations, provider networks and buying groups designed to leverage volume discounts. We also face pricing pressure from branded pharmaceutical manufacturers. These competitive pressures could adversely affect our sales and profitability.

We may be unable to anticipate and effectively respond to competitive change, and our failure to compete effectively may limit and/or reduce our revenue, profitability and cash flow.

The COVID-19 pandemic and measures taken in response thereto have adversely affected our results of operations and our financial condition, and the full impact of the pandemic will depend on future developments, which are highly uncertain and cannot be predicted.

Global health concerns relating to the COVID-19 pandemic have been weighing on the macroeconomic environment, and the pandemic has significantly increased unemployment and economic uncertainty. Authorities have implemented numerous measures to try to contain the virus, such as travel bans and restrictions, quarantines, shelter in place orders, and business shutdowns. These measures negatively impacted consumer spending and business spending habits, and they also adversely impacted and may further impact our financial results and the financial results of our customers, suppliers and business partners.

In particular, in March 2020, based upon the recommendations of the American Dental Association, the American Veterinary Medical Association and such organizations' state-level counterparts, various dental and veterinary offices announced that they were performing only emergency or limited procedures, and rescheduled wellness exams and other elective procedures. In addition, many states and countries imposed restrictions on business operations to protect public health. As of June 2020, these measures have been lifted in some areas that we serve, sometimes subject to social distancing and capacity restrictions. However, future closures may be mandated or recommended by health authorities in some states, cities, or counties depending on the progress of the pandemic. In addition, even if dental and veterinary offices are open for business in their area, some consumers may continue to delay elective visits. In addition, the pandemic has also negatively impacted consumer spending and business spending habits due to increased unemployment and economic uncertainty, all of which may become heightened concerns upon a second wave of infection or future developments.

Other actual and potential impacts on us from the COVID-19 pandemic include, but are not limited to:

- *Interruptions in the operations of industries in which our products are used, including production animal processing.* We have experienced significant disruption and economic impact from closures of dental and veterinary offices, as discussed above. In addition, the interruption in meatpacking operations that occurred due to the pandemic factored into the full goodwill impairment of the animal health business in fiscal 2020.
- *Limited supply of the personal protective equipment (PPE) necessary for dental practice.* Supply chain disruptions for PPE and an increased demand for these products has resulted, and may continue to result, in backorders of PPE and a potential scarcity in raw materials to make PPE. Prices for PPE have also increased, and we have had to prepay suppliers in order to obtain PPE for resale to our customers. We may not be able to supply our customers with the quantity of PPE products they demand. Conversely, PPE demand could decrease suddenly upon an oversupply relative to demand, depending upon the course of the pandemic, which could impact our margins.
- *Actual and potential delays in customer payments, defaults on our customer credit arrangements; or other failures by third parties such as suppliers, manufacturers, and distributors to meet their obligations to our company due to their economic circumstances.* We have experienced delayed or deferred payments from customers as they, in turn, have been affected by the pandemic. This impacts our cash flow. There is no assurance when, or if, our customers will be able to resume pre-pandemic payment processes or we will be able to collect all deferred payments.
- *Risks of remote work.* Most of our corporate employees shifted abruptly to working remotely under stay-at-home orders imposed in March 2020. While such orders are beginning to lift, often subject to social distancing and capacity restrictions, there is no assurance that they will not be re-imposed or recommended in the future depending on the progression of the pandemic. Remote work arrangements could strain our business continuity plans, introduce operational risk, including but not limited to cybersecurity risks, and impair our ability to efficiently operate our business. In addition, our rapid transition to remote work arrangements for corporate employees could have exposed us to continuing cybersecurity risk.
- *Adapting business practices.* The spread of COVID-19 has caused us to modify our business practices, particularly with respect to our liquidity position and near-term cost structure (including through incremental borrowings on our revolving credit facility to increase cash, reduction of non-critical capital expenditures,

executive, board, and other senior-level employee compensation reductions, employee furloughs, discretionary spending deferrals and the deferral of payroll taxes under the CARES Act).

- *Potential impact on our ability to meet obligations under credit facilities.* The pandemic could impact our ability to meet our obligations under our amended credit agreement and other outstanding debt, which may require us to seek covenant relief for a limited period of time. Although there can be no assurance that such relief would be available, if such relief is available, our lenders may, in exchange, increase the cost of borrowing, apply more stringent covenants, restrict merger and acquisition activity, and require other terms and conditions that may limit our business and financing activities.
- *Disruptions in the financial markets,* which could affect our stock price, our ability to meet covenants under our credit agreement and other outstanding debt, or our ability to secure future debt at acceptable rates.
- *Personnel resources.* Mitigating the effects of COVID-19 has required, and will likely continue to require for the duration of the pandemic, a large investment of time and resources across our company, and may delay certain strategic and other plans which could materially adversely affect our business. Furthermore, we could be impacted by reduced availability of members of management or employees due to quarantine, illness or death.
- *Reputational risk associated with response to COVID-19.* If we do not respond appropriately to the COVID-19 pandemic, or if customers do not perceive our response to be adequate, we could suffer damage to our reputation and our brands, which could materially adversely affect our business.
- *Interruptions in manufacturing or distribution of our products.* Outbreaks in the communities in which we operate could affect our ability to operate our manufacturing or distribution activities, and our suppliers could experience similar interruptions.

The full extent to which COVID-19 impacts our business, results of operations and financial condition will depend on future developments, which are highly uncertain and cannot be predicted, including, but not limited to, the duration and spread of the outbreak within the U.S., Canada and the U.K., its severity, the actions to contain the virus or treat its impact, and how quickly and to what extent normal economic and operating conditions can resume. Even after COVID-19 has subsided, we may continue to experience materially adverse impacts to our business as a result of its global economic impact, including any recession that has occurred or may occur in the future. There are no comparable recent events which may provide guidance as to the effect of the spread of COVID-19, and, as a result, the ultimate impact of COVID-19, or a similar health epidemic or pandemic, is highly uncertain and subject to change. We do not yet know the full extent of the impacts on our dental and animal health businesses, our operations or the global economy as a whole. However, the effects could have a material impact on our results of operations.

Other events affecting general economic conditions could adversely affect our operating results and financial condition.

Our operating results and financial condition could also be materially affected by generally weak economic conditions in the U.S. or global economy, or an uncertain economic outlook, influenced by many other events and uncertainties including, among other things:

- changes to laws and policies governing foreign trade;
- greater restrictions on imports and exports;
- changes in laws and policies governing health care or data privacy;
- tariffs and sanctions;
- changes to laws and policies governing foreign trade (including, without limitation, the U.S.-Mexico-Canada Agreement, or USMCA, and other international trade agreements);
- election results;
- sovereign debt levels;
- the inability of political institutions to effectively resolve actual or perceived economic, currency or budgetary crises or issues;
- consumer confidence;
- unemployment levels (and a corresponding increase in uninsured and underinsured population);
- changes in regulatory requirements and tax regulations;

- increases in interest rates;
- availability of capital;
- increases in fuel and energy costs;
- the effect of inflation on our ability to procure products and our ability to increase prices over time;
- changes in tax rates and the availability of certain tax deductions;
- increases in healthcare costs;
- the threat or outbreak of war, terrorism or public unrest, including but not limited to civil unrest in areas in which we have operations; and
- changes in laws and policies in countries where we do business.

Changes in government, government debt and/or budget crises may lead to reductions in government spending in certain countries and/or higher income or corporate taxes, which could depress spending overall. In addition, recessionary conditions and depressed levels of consumer and commercial spending may cause customers to reduce, modify, delay, or cancel purchasing our products and services as we have experienced in the wake of COVID-19, and a prolonged period of economic instability could further reduce their ability to make payments. Furthermore, such conditions could cause our suppliers to reduce their production, decrease their number of product offerings, or change their terms of sale to us. Increasing commodity prices may also increase our cost of operations, either directly through increased energy costs or indirectly through what we are charged by our suppliers. Recessionary economic conditions could also cause changes in our product mix as our customers prioritize established, low-margin products rather than innovative, high-margin products, which could reduce our profit margin.

Breaches of information systems security could damage our reputation, disrupt operations, increase costs and/or decrease revenues.

We collect and store confidential information from customers so that they may, among other things, purchase products or services, use our software or practice management systems, enroll in promotional programs, register on our websites, engage in data conversion or otherwise communicate or interact with us. We also acquire and retain information about suppliers, employees and others in the normal course of business. We may be unable to protect sensitive data and/or the integrity of our information security. In addition, compliance with evolving privacy and information security laws and standards may result in significant additional expense due to increased investment in technology and the development of new operational processes. We could be subject to liability for failure to comply with these laws and standards, failure to protect information, or failure to respond appropriately to an incident or misuse of information, including use of information for unauthorized marketing purposes.

Our credit agreement contains restrictive covenants and additional limits and our other debt instruments contain cross-default provisions, which limit our business and financing activities.

The pandemic could impact our ability to meet our obligations under our credit agreement and other outstanding debt, which may require us to seek covenant relief for a limited period of time. Although there can be no assurance that such relief would be available, if such relief is available, our lenders may, in exchange, increase the cost of borrowing, apply more stringent covenants, restrict merger and acquisition activity, and require other terms and conditions that may limit our business and financing activities.

More generally, the covenants under our existing credit agreement impose restrictions on our business and financing activities, subject to certain exceptions or the consent of our lenders, including, among other things, limits on our ability to incur additional debt, create liens, enter into merger, acquisition and divestiture transactions, pay dividends and engage in transactions with affiliates. The credit agreement contains certain customary affirmative covenants, including a requirement that we maintain a maximum consolidated leverage ratio and a minimum consolidated interest coverage ratio, and customary events of default. The terms of agreements governing debt that we may incur in the future may also contain similar covenants. Our ability to comply with these covenants may be adversely affected by events beyond our control, including economic, financial and industry conditions. A breach of the credit agreement covenants may result in an event of default, which could allow our lenders to terminate the commitments under the credit agreement, declare all amounts outstanding under the credit agreement (if any), together with accrued interest, to be immediately due and payable, and exercise other rights and remedies, and, through cross-default provisions, would entitle our other lenders to accelerate their loans. If this occurs, we may not be able to refinance the accelerated indebtedness on acceptable terms, or at all, or otherwise repay the accelerated indebtedness.

We are dependent on our relationships with our sales representatives, service technicians and our customers.

The inability to attract or retain qualified employees, particularly sales representatives and service technicians who relate directly with our customers, or our inability to build or maintain relationships with customers in the dental and animal health markets, may have an adverse effect on our business. Due to the specialized nature of many of our products and services, generally only highly qualified and trained personnel have the necessary skills to market such products and provide such services. These individuals develop relationships with our customers that could be damaged if these employees are not retained. We face intense competition for the hiring of these professionals, and many professionals in the field that may otherwise be attractive candidates for us to hire may be bound by non-competition agreements with our competitors. Any failure on our part to hire, train and retain a sufficient number of qualified professionals would damage our business.

We may be unable to realize the long-term strategic benefits of our acquisition of Animal Health International, Inc.

In June 2015, we acquired Animal Health International, Inc. Achieving the targeted benefits of the acquisition will depend in part upon whether we can efficiently and effectively integrate Animal Health International, Inc.'s businesses. The necessity of coordinating geographically separated organizations, systems and facilities and addressing differences in business backgrounds, corporate cultures and management philosophies may increase the difficulties of integration. We and Animal Health International, Inc. operate numerous systems, including those involving management information, purchasing, accounting and finance, sales, billing, and regulatory compliance. Moreover, the integration of our respective operations requires the dedication of significant management resources, which is likely to distract management's attention from day-to-day operations. We may not be able to achieve the targeted long-term strategic benefits of the Animal Health International, Inc. acquisition. An inability to realize the full extent of, or any of, the anticipated benefits of the Animal Health International, Inc. acquisition, could have an adverse effect on our business, results of operations and financial condition.

Disruption to our distribution capabilities, including service issues with our third-party shippers, could materially adversely affect our results.

Weather, natural disaster, fire, terrorism, pandemic, strikes, civil unrest, geopolitical events or other reasons could impair our ability to distribute our products and conduct our business. If we are unable to manage effectively such events if they occur, there could be a material adverse effect on our business, financial condition or results of operations. Similarly, increases in service costs or service issues with our third-party shippers, including strikes or other service interruptions, could cause our operating expenses to rise and materially adversely affect our ability to deliver products on a timely basis. We ship almost all of our orders through third-party delivery services, and often times bear the cost of shipment. Our ability to provide same-day shipping and next-day delivery is an integral component of our business strategy and any significant increase in shipping rates or service interruptions could adversely impact our business, financial condition or results of operations.

Our business development efforts may suffer if we fail to provide our sales force and customers with the latest customer relationship and order management tools.

Due to generational and other trends in the dental and animal health industries, our customer base is increasingly comfortable with and reliant upon the latest technologies to manage their businesses. As part of our commitment to providing superior customer service, we offer our customers computerized order entry, customer support for digital and proprietary products, including the Patterson Technology Center, customer-loyalty program reports and services, and access to articles and manufacturers' product information. We also provide real-time customer and sales information to our sales force, managers and vendors via the Internet to enable them to compete in the digital marketplace. Our business development efforts may suffer if we fail to keep pace with rapidly changing technologies and customer expectations.

We are dependent on our suppliers because we generally do not manufacture the products we sell.

Interruptions in supply could adversely affect our operating results. If a supplier is unable to deliver product in a timely and efficient manner, whether due to financial difficulties, natural disasters, pandemics or other reasons, we could experience lost sales. We generally do not have long-term contracts with our suppliers that commit them to producing products for us and there is considerable concentration within our animal health and dental businesses

with a few key suppliers. In addition, because we generally do not control the actual production of the products we sell, we may be subject to delays caused by interruption in production based on conditions outside of our control, including the failure to comply with applicable government requirements. The failure of manufacturers of products regulated by the FDA or other governmental agencies to meet these requirements, could result in product recall, cessation of sales or other market disruptions. An extended interruption in the supply of our products would have an adverse effect on our results of operations.

In addition, a portion of our products is sourced, directly or indirectly, from countries outside the U.S. including China. Political or financial instability, increased tariffs, restrictions on trade, currency exchange rates, labor unrest, pandemics or other events could slow distribution activities, affect foreign trade beyond our control and adversely affect our results of operations.

Material changes in our purchasing relationship with suppliers could have a material adverse effect on our business.

Our ability to sustain our gross profits depends, in part, on the structure of our relationship with our suppliers. Such relationships are subject to change from time to time, such as changing from a “buy/sell” to an agency relationship, or from an agency to a “buy/sell” relationship, either of which could adversely affect our revenues and operating income. Suppliers may also choose to change the method in which products are taken to market, including the possibility of creating or expanding a direct sales force or otherwise reducing their reliance on third-party distribution channels. For example, a supplier may change our relationship from a complete distribution provider, including logistics and sales support, to only a logistics provider, or to only a sales support provider, or it may decide to entirely terminate its business relationship with us. A reduction in our role as a value-added service provider would result in reduced margins on product sales, which could have a material adverse effect on our business, financial condition or results of operations.

Sales of private label products entail additional risks, including the risk that such sales could adversely affect our relationships with suppliers.

We offer certain private label products that are available exclusively from us. The sale of such products subjects us to the risks generally encountered by entities that source, market and sell private label products, including but not limited to potential product liability risks, mandatory or voluntary product recalls, potential supply chain and distribution chain disruptions, and potential intellectual property infringement risks. Any failure to adequately address some or all of these risks could have an adverse effect on our business, results of operations and financial condition.

In addition, an increase in the sales of our private label products may negatively affect our sales of products owned by our suppliers which, consequently, could adversely impact certain of our supplier relationships. Our ability to locate qualified, economically stable suppliers who satisfy our requirements, and to acquire sufficient products in a timely and effective manner, is critical to ensuring, among other things, that customer confidence is not diminished. As a distribution company, any failure to develop sourcing relationships with a broad and deep supplier base could adversely affect our financial performance and erode customer loyalty.

Patterson’s continued success is substantially dependent on positive perceptions of Patterson’s reputation.

One of the reasons why customers choose to do business with Patterson and why employees choose Patterson as a place of employment is the reputation that Patterson has built over many years. To be successful in the future, Patterson must continue to preserve, grow and leverage the value of Patterson’s brand. Reputational value is based in large part on perceptions of subjective qualities. Even an isolated incident, or the aggregate effect of individually insignificant incidents, can erode trust and confidence, particularly if they result in adverse publicity, governmental investigations or litigation, and as a result, could tarnish Patterson’s brand and lead to adverse effects on our business, financial condition and results of operations.

Risks inherent in acquiring other businesses could offset the anticipated benefits of such acquisitions and we may face difficulty in efficiently and effectively integrating acquired businesses.

As a part of our business strategy, we have acquired businesses in the ordinary course and may continue acquiring businesses in the future, consistent with our obligations under our amended credit agreement. These acquisitions

can involve a number of risks and challenges, any of which could cause significant operating inefficiencies and adversely affect our growth and profitability, and may not result in the benefits and revenue growth we expect. Such risks and challenges include underperformance relative to our expectations and the price paid for the acquisition; unanticipated demands on our management and operational resources; difficulty in integrating personnel, operations and systems; retention of customers of the combined businesses; assumption of contingent liabilities; acquisition-related earnings charges; and acquisition-related cybersecurity risks.

As we operate through two strategic business units, we consolidate the distribution, information technology, human resources, financial and other administrative functions of those business units jointly to meet their needs while addressing distinctions in the individual markets of those segments. We may not be able to do so effectively and efficiently.

Our ability to continue to make acquisitions will depend upon our success in identifying suitable targets, which requires substantial judgment in assessing their values, strengths, weaknesses, liabilities and potential profitability, as well as the availability of suitable candidates at acceptable prices, whether restrictions are imposed by anti-trust or other regulations, and compliance with the terms and conditions of our amended credit agreement.

Our acquired technology or developed technology may not be successful in maintaining existing customers or gaining new customers, or the technology may fail to produce its intended results.

The process of acquiring or developing new technology products and solutions is inherently complex and uncertain. It requires accurate anticipation of customers' changing needs and emerging technological trends. We must make long-term investments and commit significant resources before knowing whether these investments will eventually result in products or services that achieve customer acceptance and generate the revenue required to provide desired returns. If we fail to accurately anticipate and meet our customers' needs through the development of new products and technologies and service offerings or if we fail to adequately protect our intellectual property rights, or if our new products are not widely accepted or if our current or future products fail to meet applicable regulatory requirements, we could lose customers to our competitors and that could materially and adversely affect our results of operations and financial condition. In addition, if technology investments do not achieve the intended results, we may write-off the investments, and we face the risk of claims from system users that the systems failed to produce the intended result or negatively affected the operation of our customers' businesses. Any such claims, even those without merit, could be expensive and time-consuming to defend, cause us to lose customers and the associated revenue, divert management's attention and resources, or require us to pay damages.

We are subject to a variety of litigation that could adversely affect our results of operations and financial condition.

We are subject to a variety of litigation incidental to our business, including product liability claims, intellectual property claims, employment claims, commercial disputes, governmental inquiries and investigations, and other matters arising out of the ordinary course of our business, including antitrust and securities litigation. From time to time we are named as a defendant in cases as a result of our distribution of products. Additionally, purchasers of private-label products may seek recourse directly from us, rather than the ultimate product manufacturer, for product-related claims. Another potential risk we face in the distribution of our products is liability resulting from counterfeit or tainted products infiltrating the supply chain. In addition, some of the products that we transport and sell are considered hazardous materials. The improper handling of such materials or accidents involving the transportation of such materials could subject us to liability. In addition, our reputation could be adversely affected by negative publicity surrounding such events regardless of whether or not claims against us are successful. Defending against such claims may divert our management's attention, may be expensive, and may require that we pay damage awards or settlements, pay fines or penalties, or become subject to equitable remedies (including but not limited to the revocation of or non-renewal of licenses) that could adversely affect our business, financial condition and results of operations.

For example, as further disclosed under "Litigation" in this Annual Report on Form 10-K, our subsidiary Animal Health International was recently the subject of an investigation by the U.S. Attorney's Office for the Western District of Virginia, which resulted in Animal Health International pleading guilty to a strict-liability misdemeanor offense in connection with its failure to comply with federal law relating to the sales of prescription animal health products, and a total criminal fine and forfeiture of \$52.8 million. In addition, Animal Health International and Patterson entered into a non-prosecution agreement for other non-compliant licensing, dispensing, distribution and related sales processes disclosed during the investigation and committed to undertake additional compliance program enhancements and

provide compliance certifications through fiscal 2023. We also may be subject to other fines or penalties, equitable remedies (including but not limited to the suspension, revocation or non-renewal of licenses) and litigation.

A successful claim brought against us in excess of available insurance or not covered by insurance or indemnification agreements, or any claim that results in significant adverse publicity against us, could have a material adverse effect on our business and our reputation. Furthermore, the outcome of litigation is inherently uncertain.

Changes in consumer preferences away from food animal products could adversely affect our business.

The demand for food animal products is heavily dependent upon consumer demand for beef, dairy, poultry and swine. The food industry in general is subject to changing consumer trends, demands and preferences. Trends within the food industry change often and our failure to anticipate, identify or react to changes in these trends could lead to, among other things, reduced demand and price reductions for our animal health products, and could have a material adverse effect on our business. Moreover, even if we do anticipate and identify these trends, we may be unable to react effectively. For example, changes in consumer diets may negatively affect consumer demand for beef, dairy, poultry and/or swine, and therefore reduce the demand for our production animal health products which could have a material adverse effect on our business.

In addition, pandemic outbreaks and other factors can cause interruptions in animal processing, which increases costs to producers and may change their production of animals in the future. Pork shortages caused by closed processing plants due to COVID-19 also may have affected consumer behavior.

From time to time, we also experience changes in customer and product mix that affect gross margin. Changes in customer and product mix result primarily from business acquisitions, changes in customer demand, customer acquisitions, selling and marketing activities and competition. There can be no assurance that we will be able to maintain historical gross margins in the future.

Regulatory restrictions and bans on the use of antibiotics and growth promotants in food animals, as well as changing market demand, could adversely affect our business.

There has been consumer concern and consumer activism with respect to additives (including, without limitation, antibiotics and growth promotants) used in the production of animal products, including growing consumer sentiment for proteins and dairy products produced without the use of antibiotics or other products intended to increase animal production. Negative press resulting from media or consumer advocacy groups, industry litigation, trade restrictions which could cause the loss of export markets, or other factors could adversely affect the public's perception of the industry as a whole, or lead to reluctance by consumers to buy protein or other products. Concern over the impact of growth promotants on animal welfare could result in the removal from the market of products in that category, adversely impacting our sales. In addition, consumer concern that the use of antibiotics and growth promotants in animal feed may lead to increased antibiotic resistance of human pathogens have resulted in increased regulation and changing market demand. Under the FDA's guidance and the related rule known as the Veterinary Feed Directive, the use of shared-class antibiotics in the water or feed of food-producing animals requires written authorization by a licensed veterinarian. The impact of changes in regulations and market preferences regarding the use of antibiotics in food animals could have a material adverse effect on our business, financial condition and results of operations. If there is an increased public perception that consumption of food derived from animals that utilize additives we distribute poses a risk to human health, there may be a further decline in the production of those food products and, in turn, our sales of those products. In addition, antibiotic resistance concerns may result in additional restrictions or bans, expanded regulations or public pressure to further reduce the use of antibiotics in food animals, or increased demand for antibiotic-free protein, any of which could materially adversely affect our business, financial condition and results of operations.

Our business may be directly and indirectly affected by the cyclicity of the livestock market, including the effect of poor or unusual weather conditions, that could reduce demand for the production animal products we distribute.

Poor or unusual weather conditions can significantly affect the purchasing decisions of our production animal customers. The timing and quantity of rainfall are two of the most important factors in agricultural production. Drought can affect the availability and price of feed for livestock. Faced with a reduction in readily available feed or an increase in costs for such feed, our customers may decide to reduce herd size, which would ultimately decrease

the demand for the products we distribute, including micro feed ingredients, animal health products, dairy sanitation solutions, as well as the development and implementation of systems for feed, health, information and production animal management.

The outbreak of an infectious disease within either the production animal or companion animal population could have a significant adverse effect on our business and our results of operations.

An outbreak of disease affecting animals, such as foot-and-mouth disease, porcine epidemic diarrhea virus, Newcastle disease, avian flu or bovine spongiform encephalopathy, commonly referred to as “mad cow disease,” could result in the widespread destruction of affected animals and consequently result in a reduction in demand for animal health products. In addition, outbreaks of these or other diseases or concerns of such diseases could create adverse publicity that may have a material adverse effect on consumer demand for meat, dairy and poultry products, and, as a result, on our customers’ demand for the products we distribute. It could also harm export markets for such products and lead to increased government regulation. The outbreak of a disease among the companion animal population which could cause a reduction in the demand for companion animals could also adversely affect our business.

Pressure from animal rights groups may subject us to additional costs to conform our practices to comply with developing standards or subject us to marketing costs to defend challenges to our current practices.

The utilization of animals in research and development and product commercialization is subject to increasing focus by animal rights activists. The activities of animal rights groups and other organizations that have protested animal based research and development programs or boycotted the products resulting from such programs could cause an interruption in our supply chain. The occurrence of material operational problems could have a material adverse effect on our business, financial condition and results of operations.

Adverse changes in supplier rebates could negatively affect our business.

The terms on which we purchase or sell products from many suppliers of animal health products may entitle us to receive a rebate based on the attainment of certain growth goals. Suppliers may reduce or eliminate rebates offered under their programs, or increase the growth goals or other conditions we must meet to earn rebates to levels that we cannot achieve. Increased competition either from generic or equivalent branded products could result in us failing to earn rebates that are conditioned upon achievement of growth goals. Additionally, factors outside of our control, such as customer preferences, consolidation of suppliers or supply issues, can have a material impact on our ability to achieve the growth goals established by our suppliers, which may reduce the amount of rebates we receive. The occurrence of any of these events could have an adverse impact on our results of operations.

We experience fluctuations in quarterly financial results. As a result, we may fail to meet or exceed the expectations of securities analysts and investors, which could cause our stock price to decline.

Our business is subject to quarterly fluctuations. Quarterly results may be materially adversely affected by a variety of factors, including:

- timing and amount of sales and marketing expenditures;
- timing of pricing changes offered by our suppliers;
- timing of the introduction of new products and services by our suppliers;
- changes in or availability of supplier contracts or rebate programs;
- supplier rebates based upon attaining certain growth goals;
- changes in the way suppliers introduce or deliver products to market;
- costs of developing new applications and services;
- our ability to correctly identify customer needs and preferences and predict future needs and preferences;
- uncertainties regarding potential significant breaches of data security or disruptions of our information technology systems;
- regulatory actions, or government regulation generally;
- loss of sales representatives;
- costs related to acquisitions and/or integrations of technologies or businesses;
- costs associated with our self-insured insurance programs;

- general market and economic conditions, as discussed above, including pandemic or civil unrest as well as those specific to the supply and distribution industry and related industries;
- our success in establishing or maintaining business relationships;
- difficulties of manufacturers in developing and manufacturing products;
- product demand and availability, or product recalls by manufacturers;
- exposure to product liability and other claims in the event that the use of the products we sell results in injury;
- increases in shipping costs or service issues with our third-party shippers;
- fluctuations in the value of foreign currencies;
- goodwill impairment;
- changes in interest rates;
- restructuring costs;
- the adoption or repeal of legislation;
- changes in accounting principles; and
- litigation or regulatory judgments, fines, forfeitures, penalties, equitable remedies, expenses or settlements.

Any change in one or more of these or other factors could cause our annual or quarterly financial results to fluctuate. If our financial results do not meet market expectations, our stock price may decline.

The market price for our common stock may be highly volatile.

The market price for our common stock may be highly volatile. A variety of factors may have a significant impact on the market price of our common stock, including, but not limited to:

- the publication of earnings estimates or other research reports and speculation in the press or investment community;
- changes in our industry and competitors;
- changes in government, legislation and regulation;
- our financial condition, results of operations and cash flows and prospects;
- stock repurchases;
- activism by any single large shareholder or combination of shareholders;
- any future issuances of our common stock, which may include primary offerings for cash, stock splits, issuances in connection with business acquisitions, issuances of restricted stock/units and the grant or exercise of stock options from time to time;
- general market and economic conditions, including those discussed above; and
- the other factors discussed above that may impact our quarterly results.

In addition, the Nasdaq Stock Market can experience extreme price and volume fluctuations that can be unrelated or disproportionate to the operating performance of the companies listed on Nasdaq. Broad market and industry factors may negatively affect the market price of our common stock, regardless of actual operating performance. In the past, following periods of volatility in the market price of a company's securities, securities class action or derivative litigation has often been instituted against companies. This type of litigation could result in substantial costs and a diversion of management's attention and resources, which could have a material adverse effect on our business.

The formation of group purchasing organizations ("GPOs"), provider networks and buying groups may place us at a competitive disadvantage.

The formation of GPOs, provider networks and buying groups may shift purchasing decisions to entities or persons with whom we do not have a historical relationship. This may threaten our ability to compete effectively, which could in turn negatively impact our financial results. As a full-service distributor with business service capabilities, we cannot assure you that we will be able to successfully compete with price-oriented distribution models that more readily enable the pricing typically demanded by GPOs, provider networks and buying groups.

Increases in over-the-counter sales of companion animal products, or sales of companion animal products from non-veterinarian sources, could adversely affect our business.

Companion animal health products are becoming increasingly available to consumers at competitive prices from sources other than veterinarians, including human health product pharmacies, Internet pharmacies and big-box retailers, and consumers are increasingly seeking such alternative sources of supply for their companion animal health products. Companion animal owners also could decrease their reliance on, and visits to, veterinarians as they rely more on online animal-health information and retailers that now offer basic veterinary services. Because we market our companion animal prescription products primarily through the veterinarian channel, any decrease in visits to and reliance on veterinarians could have a material adverse effect on our business. In addition, companion animal owners may substitute human health products for animal-health products if they deem human health products to be acceptable, lower-cost alternatives.

Our international operations are subject to inherent risks that could adversely affect our operating results.

There are a number of risks inherent in foreign operations, including the U.S. Foreign Corrupt Practices Act and the U.K. Bribery Act, complex regulatory requirements, staffing and management complexities, import and export costs, other economic factors and political considerations, all of which are subject to unanticipated changes.

Our foreign operations also expose us to foreign currency fluctuations. Because our financial statements are denominated in U.S. dollars, changes in currency exchange rates between the U.S. dollar and other currencies will have an impact on our income. Currency exchange rate fluctuations may adversely affect our results of operations and financial condition. Furthermore, we generally do not hedge translation exposure with respect to foreign operations.

Change and uncertainty in the health care industry, including continued implementation of the U.S. Patient Protection and Affordable Care Act as amended by the Health Care and Education Reconciliation Act (the "Health Care Reform Law"), could materially adversely affect our business.

Laws and regulations affecting the health care industry in the U.S. have changed dramatically in recent years, and we expect that future and pending legislation, rulemaking, and court decisions on legal challenges to the Health Care Reform Law will further change the landscape. Foreign government authorities may also adopt reforms of their health systems. We cannot predict what further reform proposals, if any, will be adopted, when they may be adopted, or what impact they may have on us. The continued uncertain status of the Health Care Reform Law affects our ability to plan.

Recently, there has been increased scrutiny on drug pricing and concurrent efforts to control or reduce drug costs by Congress, the President, and various states, including that several bills have been introduced on a federal level. Such legislation, if enacted, could have the potential to impose additional costs on our business.

Reporting and disclosure obligations under the Physician Payment Sunshine Act provisions of the Health Care Reform Law increase the cost of our regulatory compliance.

The Physician Payment Sunshine Act imposes annual reporting and disclosure requirements for drug and device manufacturers and distributors with regard to payments or other transfers of value made to covered recipients (including physicians, dentists and teaching hospitals), and for such manufacturers and distributors and for group purchasing organizations, with regard to certain ownership interests held by physicians in the reporting entity. Under the Physician Payment Sunshine Act we are required to collect and report detailed information regarding certain financial relationships we have with covered recipients such as physicians, dentists and teaching hospitals. We may also be required to report under certain state transparency laws that address circumstances not covered by the Physician Payment Sunshine Act, and some of these state laws, as well as the federal law, can be ambiguous. We are also subject to foreign regulations requiring transparency of certain interactions between suppliers and their customers. Our compliance with these rules imposes additional costs on us.

Failure to comply with existing and future U.S. and foreign laws and regulatory requirements, including those governing the distribution of pharmaceuticals and controlled substances, could subject us to claims or otherwise harm our business.

Our business is subject to requirements under various local, state, federal and international laws and regulations applicable to the distribution of pharmaceuticals and medical devices, and human cells, tissue and cellular and tissue-based products, also known as HCT/P products, and animal feed and supplements. Among other things, such laws, and the regulations promulgated thereunder:

- regulate the storage and distribution, labeling, packaging, handling, reporting, record keeping, introduction, manufacturing and marketing of drugs, HCT/P products and medical devices;
- subject us to inspection by the FDA and the DEA;
- regulate the storage, transportation and disposal of certain of our products that are considered hazardous materials;
- regulate the distribution and storage of pharmaceuticals and controlled substances;
- require us to advertise and promote our drugs and devices in accordance with applicable FDA requirements;
- require registration with the FDA and the DEA and various state agencies;
- require record keeping and documentation of transactions involving drug products;
- require us to design and operate a system to identify and report suspicious orders of controlled substances to the DEA;
- require us to manage returns of products that have been recalled and subject us to inspection of our recall procedures and activities; and
- impose reporting requirements if a pharmaceutical, HCT/P product or medical device causes serious illness, injury or death.

By way of example, we are required to hold valid DEA and state-level registrations and licenses, meet various security and operating standards and comply with the Controlled Substances Act and its accompanying regulations governing the storage, sale, marketing and handling of controlled substances. Applicable federal, state, local and foreign laws and regulations also may require us to meet various standards relating to, among other things, licensure or registration, sales and marketing practices, product integrity and supply tracking to the manufacturer of the product, personnel, privacy and security of health or other personal information, installation, maintenance and repair of equipment, and the importation and exportation of products. Our business is also subject to requirements of similar and other foreign governmental laws and regulations affecting our operations abroad.

The failure to comply with any of these regulations, or new interpretations of existing laws and regulations, or the imposition of any additional laws and regulations, could materially adversely affect our business. Allegations by a governmental body that we have not complied with these and future laws could have a material adverse effect on our business. If it is determined that we have not complied with these laws, we are potentially subject to penalties including warning letters, civil and criminal fines and penalties, mandatory recall of product, seizure of product and injunction, consent decrees, and suspension or limitation of product sale and distribution. If we enter into settlement agreements to resolve allegations of non-compliance, we could be required to make settlement payments or be subject to civil and criminal penalties, including fines and the loss of licenses. Non-compliance with government requirements could adversely affect our ability to participate in federal and state government health care programs, and damage our reputation.

For example, as further disclosed under “Litigation” in this Annual Report on Form 10-K, our subsidiary Animal Health International was recently the subject of an investigation by the U.S. Attorney’s Office for the Western District of Virginia, which resulted in Animal Health International pleading guilty to a strict-liability misdemeanor offense in connection with its failure to comply with federal law relating to the sales of prescription animal health products, and a total criminal fine and forfeiture of \$52.8 million. In addition, Animal Health International and Patterson entered into a non-prosecution agreement for other non-compliant licensing, dispensing, distribution and related sales processes disclosed during the investigation and committed to undertake additional compliance program enhancements and provide compliance certifications through fiscal 2023. This matter may continue to divert management’s attention and cause us to suffer reputational harm. We also may be subject to other fines or penalties, equitable remedies (including but not limited to the suspension, revocation or non-renewal of licenses) and litigation. The occurrence of any of these events could adversely affect our business, financial condition and results of operations.

Public concern over the abuse of opioid medications in the U.S., including increased legal and regulatory action, could negatively affect our business.

Certain governmental and regulatory agencies, as well as state and local jurisdictions, are focused on the abuse of opioid medications in the U.S. Federal, state and local governmental and regulatory agencies are conducting investigations of pharmaceutical manufacturers and other pharmaceutical wholesale distributors regarding the distribution of opioid medications.

For example, as disclosed in our prior periodic reports, two of our subsidiaries were added as co-defendants in civil litigation brought by private claimants against various manufacturers, distributors and retail pharmacies throughout

the U.S., which claimed that defendants “breached their legal duties under federal law to monitor, detect, investigate, refuse and report suspicious orders of prescription opiates,” captioned *In re National Prescription Opiate Litigation, MDL No. 2804*, pending in the U.S. District Court for the Northern District of Ohio. The subsidiaries, Patterson Logistics Services Inc. and Patterson Veterinary Supply, Inc., were voluntarily dismissed from this action without prejudice in January 2020. We may face similar civil claims or governmental investigations in the future.

Managing legal proceedings and responding to government investigations is costly and involves a significant diversion of management attention. Such proceedings are unpredictable and may develop over lengthy periods of time. An adverse resolution of the pending litigation or any future lawsuits or investigations may involve substantial monetary penalties and could have a material and adverse effect on our reputation, business, financial condition and results of operations.

If we fail to comply with laws and regulations relating to health care fraud or other laws and regulations, we could suffer penalties or be required to make significant changes to our operations, which could materially adversely affect our business.

We are subject to federal and state (and similar foreign) health care fraud and abuse, referral and reimbursement laws and regulations. Some of these laws, referred to as “false claims laws,” prohibit the submission or causing the submission of false or fraudulent claims for reimbursement to federal, state and other health care payers and programs. Other laws, referred to as “anti-kickback laws,” prohibit soliciting, offering, receiving or paying remuneration in order to induce the referral of a patient or ordering, purchasing, leasing or arranging for or recommending ordering, purchasing or leasing, of items or services that are paid for by federal, state and other health care payers and programs. Health care fraud measures may implicate, for example, our relationships with pharmaceutical manufacturers, our pricing and incentive programs for physician and dental practices, and our practice management products that offer billing-related functionality.

Failure to comply with fraud and abuse laws and regulations could result in significant civil and criminal penalties and costs, including the loss of licenses and the ability to participate in federal and state health care programs, and could have a material adverse effect on our business. Also, these measures may be interpreted or applied by a prosecutorial, regulatory or judicial authority in a manner that could require us to make changes in our operations or incur substantial defense and settlement expenses. Even unsuccessful challenges by regulatory authorities or private regulators could result in reputational harm and the incurring of substantial costs. In addition, many of these laws are vague or indefinite and have not been interpreted by the courts, and have been subject to frequent modification and varied interpretation by prosecutorial and regulatory authorities, increasing the risk of noncompliance.

If we fail to comply with laws and regulations relating to the confidentiality of sensitive personal information or standards in electronic health records or transmissions, we could be required to make significant changes to our products, or incur substantial fines, penalties or other liabilities.

The FDA has become increasingly active in addressing the regulation of computer software and digital health products intended for use in health care settings, and has developed and continues to develop policies on regulating clinical decision support tools and other types of software as medical devices. Certain of our software and related products support practice management, and it is possible that the FDA or foreign government authorities could determine that one or more of our products is subject to regulation as a medical device, which could subject us or one or more of our businesses to substantial additional requirements with respect to these products.

Our practice management products include electronic information technology systems that store and process personal health, clinical, financial and other sensitive information of individuals. These information technology systems may be vulnerable to breakdown, wrongful intrusions, data breaches and malicious attack, which could require us to expend significant resources to eliminate these problems and address related security concerns, and could involve claims against us by private parties and/or governmental agencies. For example, we are directly or indirectly subject to numerous federal, state, local and foreign laws and regulations that protect the privacy and security of such information, such as HIPAA. HIPAA requires, among other things, the implementation of various recordkeeping, operational, notice and other practices intended to safeguard that information, limit its use to allowed purposes and notify individuals in the event of privacy and security breaches. Failure to comply with these laws and regulations could expose us to breach of contract claims, substantial fines, penalties and other liabilities and expenses, costs for remediation and harm to our reputation. Also, evolving laws and regulations in this area could restrict the ability of our customers to obtain, use or disseminate patient information, or could require us to incur

significant additional costs to re-design our products in a timely manner to reflect these legal requirements, either of which could have a material adverse effect on our results of operations.

Other health information standards, such as regulations under HIPAA, establish standards regarding electronic health data transmissions and transaction code set rules for specific electronic transactions, such as transactions involving claims submissions to third party payers. Certain of our electronic practice management products must meet these requirements. Failure to abide by electronic health data transmission standards could expose us to breach of contract claims, substantial fines, penalties and other liabilities and expenses, costs for remediation and harm to our reputation.

We also sell products and services that health care providers use to store and manage patient medical or dental records. These customers, and we are subject to laws, regulations and industry standards, such as HIPAA and the Payment Card Industry Data Security Standards, which require the protection of the privacy and security of those records, and our products may be used as part of these customers' comprehensive data security programs, including in connection with their efforts to comply with applicable privacy and security laws. Perceived or actual security vulnerabilities in our products or services, or the perceived or actual failure by us or our customers who use our products or services to comply with applicable legal or contractual data privacy or security requirements, may not only cause us significant reputational harm, but may also lead to claims against us by our customers and/or governmental agencies and involve substantial fines, penalties and other liabilities and expenses and costs for remediation.

Finally, we are also subject to non-healthcare-specific requirements of the countries and states in which we operate which govern the handling, storage, use and protection of personal information, such as the California Consumer Privacy Act, or CCPA, which is a state statute intended to enhance privacy rights and consumer protection for residents of California, and the pan-European General Data Protection Regulation, or GDPR.

Both in the U.S. and abroad, these laws and regulations continue to evolve and remain subject to significant change. In addition, the application and interpretation of these laws and regulations are often uncertain. If we fail to comply with such laws and regulations, we could be required to make significant changes to our products or services, or incur substantial fines, penalties, or other liabilities. For example, if legislation or regulations are adopted, interpreted or implemented in a manner that is inconsistent with our current business practices and that require changes to these practices, the design of the products and services we distribute or privacy practices, it could have a material adverse effect on our business, financial condition, results of operations and cash flows. The costs of compliance with, and the other burdens imposed by, new or existing laws or regulatory actions may prevent us from selling the products or services we distribute, or increase the costs of doing so, and may affect our decision to distribute such products or services. In addition, a determination by a court or government agency that any of our practices do not meet these standards could result in liability or negative publicity, and could have a material adverse effect on our business, financial condition, results of operations and cash flows.

Risks generally associated with our information systems and cyber-security attacks could adversely affect our results of operations.

We rely on information systems ("IS") in our business to obtain, rapidly process, analyze and store customer, product, supplier, and employee data to, among other things:

- facilitate the purchase and distribution of thousands of inventory items through numerous fulfillment centers;
- receive, process and ship orders on a timely basis;
- accurately bill and collect from thousands of customers;
- process payments to suppliers; and
- provide products and services that maintain certain of our customers' electronic medical or dental records (including protected health information of their human patients).

As the breadth and complexity of our IS continue to grow, we will increasingly be exposed to the risks inherent in the development, integration and ongoing operation of evolving information systems (including third-party systems we rely on), including:

- disruption, impairment or failure of data centers, telecommunications facilities or other key infrastructure platforms;

- security breaches of, cyberattacks on and other failures or malfunctions in our critical application systems or their associated hardware; and
- excessive costs, excessive delays or other deficiencies in systems development and deployment.

Our IS are vulnerable to natural disasters, power losses, computer viruses, telecommunication failures and other problems. In addition, information security risks have generally increased in recent years. Increased IS security threats and more sophisticated computer crime, including advanced persistent threats, pose a potential risk to the security of our IS, customers and other business partners, as well as the confidentiality, availability, and integrity of our data, customers and other business partners. Cyber threats are rapidly evolving and are becoming increasingly sophisticated. Despite our efforts to ensure the integrity of our systems, as cyber threats evolve and become more difficult to detect and successfully defend against, one or more cyber threats might defeat the measures that we or our vendors take to anticipate, detect, avoid or mitigate such threats. Certain techniques used to obtain unauthorized access, introduce malicious software, disable or degrade service, or sabotage systems may be designed to remain dormant until a triggering event and we may be unable to anticipate these techniques or implement adequate preventative measures since techniques change frequently or are not recognized until launched, and because cyberattacks can originate from a wide variety of sources. These data breaches and any unauthorized access or disclosure of our information could compromise intellectual property and expose sensitive business information. Cyber-attacks could also cause us to incur significant remediation costs, disrupt key business operations and divert attention of management and key information technology resources. A cyber-security attack that bypasses our IS security causing an IS security breach may lead to a material disruption of our IS and/or the loss of business information, which could adversely affect our business. These risks may include, among others, the following:

- future results could be adversely affected due to the theft, destruction, loss, misappropriation or release of confidential data or intellectual property;
- operational or business delays resulting from the disruption or damage of IS and subsequent clean-up and mitigation activities, including our ability to process orders, maintain proper levels of inventories, collect accounts receivable and disburse funds;
- negative publicity resulting in reputation or brand damage with our customers, suppliers or industry peers; and
- lawsuits for, or regulatory proceedings relating to, a breach of personal financial and health information belonging to our customers and their patients.

The materialization of any of these risks may impede the processing of data and the day-to-day management of our business and could result in the corruption, loss or unauthorized disclosure of proprietary, confidential or other data. Disaster recovery plans, where in place, might not adequately protect us in the event of a system failure. Despite any precautions we take, damage from fire, floods, hurricanes, power loss, telecommunications failures, computer viruses, break-ins and similar events at our various computer facilities could result in interruptions in the flow of data to our servers.

We also increasingly rely upon server- and Internet-based technologies to run our business and to store our data as well as our customers' data. The use of such technologies may carry additional cyber-security risks relative to those posed by legacy technologies. Our Internet-based services also depend on our ability and the ability of our customers access the Internet. In the event of any difficulties, outages or delays by Internet service providers, we may be impeded from providing such services, which may have a material adverse effect on our business and our reputation.

Our results of operations and cash flows could be adversely affected if our IS are interrupted, damaged by unforeseen events, are subject to cyber-security attacks, or fail for any extended period of time. If our business continuity plans do not provide effective alternative processes on a timely basis, we may suffer interruptions in our ability to manage or conduct our operations, which may adversely affect our business. We may need to expend additional resources in the future to continue to protect against, or to address problems caused by, any business interruptions or data security breaches.

The products we sell are subject to market and technological obsolescence; our software products may contain undetected errors or bugs when released.

Some of the products we distribute are subject to technological obsolescence outside of our control, since we do not manufacture the majority of the products we sell. If our customers discontinue purchasing a given product, we might

have to record expense related to the diminution in value of inventories we have in stock, and depending on the magnitude, that expense could adversely impact our operating results.

Furthermore, we cannot be sure that we will be successful in introducing and marketing new software, software enhancements, or e-services, or that such software, software enhancements and e-services will be released on time or accepted by the market. Our software and applicable e-services products, like software products generally, may contain undetected errors or bugs when introduced, or as new versions are released. We cannot be sure that future problems with post-release software errors or bugs will not occur. Any such defective software may result in increased expenses related to the software and could adversely affect our relationships with the customers using such software, as well as our reputation. We do not have any patents on our software or e-services, and rely upon copyright, trademark and trade secret laws, as well as contractual and common-law protections. We cannot provide assurance that such legal protections will be available or enforceable to protect our software or e-services products.

Volatility in the financial markets could adversely affect our operating results and financial condition.

Volatility and other disruptions in the financial markets could adversely affect the cost and availability of credit to us, as well as the cost of, and ability to sell, finance contracts we receive from customers to outside financial institutions. Reduced access to capital for our customers limits the amount of investment that they can make in their businesses, and with limited investment by the customer, our revenue from equipment sales could be adversely affected.

Our ability to make payments on our debt obligations depends on our performance.

Our ability to make scheduled payments on, or refinance, our debt obligations depends on our operational and financial performance, which is subject to general economic, financial market, competitive, regulatory and other conditions and the interest rate environment that are beyond our control. If our performance were to suffer, our access to the capital necessary to run our business may become limited.

Recent significant changes to our executive leadership team and any future loss of members of such team, and the resulting management transitions might harm our future operating results.

In recent fiscal years, we have experienced significant changes in our senior leadership team. If we experience additional departures, they could be particularly disruptive in light of difficult market conditions, could significantly delay, prevent the achievement of, or make it more difficult for us to pursue and execute on our business objectives, and could have an adverse effect on our business, financial condition and operating results. If we are unable to mitigate these or other similar risks, our business, results of operations and financial condition may be adversely affected.

Our future success depends on our leadership development and succession planning.

Our success depends, in large part, on our ability to recruit skilled personnel and then train our personnel to support the long-term growth of our business. While our Board of Directors and management actively monitor our succession plans and processes, our business could suffer if we lose key personnel unexpectedly. In addition, competition for senior management is intense and we may not be successful in attracting and retaining key personnel.

We may experience significant disruptions in our operations resulting from our enterprise resource planning system.

We depend on our information technology systems and our financial shared services for the efficient functioning of our business, including accounting, billing, data storage, purchasing and inventory management. In addition, we have implemented an enterprise resource planning (“ERP”) system across certain significant operating locations to support our operations. The operation of this ERP system requires the investment of human and financial resources. We have incurred and expect to continue to incur expenses as we continue to enhance and develop our ERP system. As a result of our ERP system, we may encounter difficulties in operating our business, which could disrupt our operations, including our ability to timely ship and track customer orders, determine inventory requirements, manage our supply chain, manage customer billing and otherwise adequately service our customers, and lead to increased costs and other difficulties. If we experience significant disruptions resulting from our ERP

system, such events may disrupt or reduce the efficiency of our entire operation and have a material adverse effect on our operating results and cash flows.

Our business could be negatively adversely affected as a result of shareholder activism.

We could face adverse consequences as a result of the actions of activist investors. Campaigns by shareholders to effect changes at publicly traded companies are sometimes led by investors seeking to increase short-term shareholder value through actions such as financial restructuring, increased debt, special dividends, stock repurchases or sales of assets or the entire company. Responding to shareholder activism or engaging in a process or proxy contest may be costly and time-consuming, disrupt our operations and divert the attention of our management team and our employees from executing our business plan, which could adversely affect our business and results of operations.

In fiscal 2020, we recorded impairment charges that eliminated our Animal Health segment's goodwill, and we may be required in the future to record a significant charge to earnings if our Dental segment's goodwill or other intangible assets become impaired.

Our balance sheet includes goodwill and other identifiable intangible assets. We recorded a \$269.0 million non-cash pre-tax goodwill impairment charge in our Animal Health segment as part of management's annual goodwill and other indefinite-lived intangible asset impairment tests using the beginning of our fiscal 2020 fourth quarter as the valuation date. Due to the effects of the COVID-19 pandemic, we tested our goodwill for impairment again in April 2020 and recorded an additional \$406.1 million non-cash pre-tax impairment charge of our Animal Health reporting unit's goodwill, based on management's estimates of future cash flows, driven by reduced sales volumes, as well as reduced EBITDA multiples of comparable companies. As of April 25, 2020, our Animal Health reporting unit had no remaining goodwill as a result of the total goodwill impairment charges recorded in the fourth quarter of fiscal 2020 of \$675.1 million. If future impairment of our Dental segment's goodwill or other identifiable intangible assets is determined, we may be required to record a significant charge to earnings in the period of such determination under U.S. generally accepted accounting principles.

Audits by tax authorities could result in additional tax payments for prior periods, and tax legislation could materially adversely affect our financial results and tax liabilities.

The amount of income taxes we pay is subject to ongoing audits by U.S. federal, state and local tax authorities and by non-U.S. tax authorities. If these audits result in assessments different from our reserves, our future results may include unfavorable adjustments to our tax liabilities.

We are subject to the tax laws and regulations of the U.S. federal, state and local governments, as well as foreign jurisdictions. From time to time, various legislative initiatives may be proposed that could materially adversely affect our tax positions. There can be no assurance that our effective tax rate will not be materially adversely affected by legislation resulting from these initiatives. In December 2017, the U.S. government enacted legislation referred to as the Tax Act, which significantly revises the Internal Revenue Code of 1986, as amended. The legislation is unclear in certain respects and will require the U.S. Internal Revenue Service ("IRS") to issue regulations and interpretations, and possibly technical corrections. While there can be no assurance as to the impact of any additional guidance by the IRS, or of any guidance that may be issued by the SEC or the Financial Accounting Standards Board relating to the Tax Act, we have completed our accounting for the law change based on management's current interpretation of the new legislation.

In addition, tax laws and regulations are extremely complex and subject to varying interpretations. Although we believe that our historical tax positions are sound and consistent with applicable laws, regulations and existing precedent, they can be no assurance that our tax positions will not be challenged by relevant tax authorities or that we would be successful in any such challenge.

We are exposed to the risk of changes in interest rates.

Our balance sheet includes certain non-current assets that are sensitive to movements in short-term interest rates. The variable rates are comprised of both LIBOR and commercial paper rates plus a spread and reset on certain dates, as set forth in the respective agreements. In addition, our balance sheet includes fixed rate long-term debt, whose fair value could be adversely affected by movements in interest rates. We finance purchases by our customers using finance contracts that are issued at fixed interest rates, and sell these contracts under various

funding arrangements that are priced using variable interest rates. Sudden and dramatic changes in the interest rates within relevant markets could adversely affect our results of operations. In addition, changes in the method of determining LIBOR, or the replacement of LIBOR with an alternative reference rate, may adversely affect interest rates on our current or future assets and debt and may otherwise adversely affect our business and results of operations.

Our governing documents, other documents to which we are a party, and Minnesota law may discourage takeovers and business combinations that our shareholders might consider to be in their best interests.

Anti-takeover provisions of our articles of incorporation, bylaws, and Minnesota law could diminish the opportunity for shareholders to participate in acquisition proposals at a price above the then current market price of our common stock. For example, while we have no present plans to issue any preferred stock, our Board of Directors, without further shareholder approval, may issue up to approximately 30 million shares of undesignated preferred stock and fix the powers, preferences, rights and limitations of such class or series, which could adversely affect the voting power of our common stock. Further, as a Minnesota corporation, we are subject to provisions of the Minnesota Business Corporation Act, or MBCA, regarding “control share acquisitions” and “business combinations.” We may, in the future, consider adopting additional anti-takeover measures. The authority of our Board of Directors to issue undesignated preferred stock and the anti-takeover provisions of the MBCA, as well as any future anti-takeover measures adopted by us, may, in certain circumstances, delay, deter or prevent takeover attempts and other changes in control of our company not approved by our Board of Directors.

In addition, our Amended and Restated Equity Incentive Plan provides that awards issued under that plan are fully vested and all restrictions on the awards lapse in the event of a change in control, as defined in such plan. Additionally, our Capital Accumulation Plan provides that on an event of acceleration, as defined in the plan, the restrictions on shares of restricted stock lapse and such stock becomes fully vested. An event of acceleration occurs if (a) a person has acquired a beneficial ownership interest in 30% or more of the voting power of our company, (b) a tender offer is made to acquire 30% or more of our company, (c) a solicitation subject to Rule 14a-11 of the Securities Exchange Act of 1934 relating to the election or removal of 50% or more of our Board of Directors occurs, or (d) our shareholders approve a merger, consolidation, share exchange, division or sale of our company’s assets. Furthermore, if the surviving or acquiring company in a change in control does not assume our company’s outstanding incentive awards or provide for their equivalent substitutes, our Amended and Restated 2015 Omnibus Incentive Plan provides for accelerated vesting of incentive awards following a change in control upon the termination of the employee’s service and in certain other circumstances, provided such event occurs within two years of a change in control.

Item 1B. UNRESOLVED STAFF COMMENTS

None.

Item 2. PROPERTIES

We own our principal executive offices in St. Paul, Minnesota, and the majority of our distribution facilities. Leases of other distribution and administrative facilities generally are on a long-term basis, expiring at various times, with options to renew for additional periods. Most sales offices are leased for varying and usually shorter periods, with or without renewal options. We believe our properties are in good operating condition and are suitable for the purposes for which they are being used.

Patterson Logistics Services

The majority of assets we use to distribute product are owned and operated by Patterson Logistics Services, Inc. (“PLSI”), a wholly-owned subsidiary, which operates the distribution function for the benefit of our dental and animal health segments in the U.S. PLSI also advises on the operations of our fulfillment centers outside of the U.S., but these properties are not owned by PLSI.

As of April 25, 2020, PLSI operated the following 13 fulfillment centers (seven primary centers) totaling 1.0 million square feet:

- two dental fulfillment centers (Hawaii and Texas);
- four animal health fulfillment centers (Alabama, Colorado and Texas (two)); and

- seven fulfillment centers that distribute dental and animal health products (California, Florida, Indiana, Iowa, Pennsylvania, South Carolina and Washington).

Approximately 90% of the PLSI fulfillment center space is owned.

Dental

The Dental segment is headquartered in our principal executive offices, and maintains sales and administrative offices at approximately 59 locations across 39 states in the U.S. and 9 locations in Canada, the majority of which are leased. Operations in Canada are supported by fulfillment centers located in Quebec and Alberta. In addition, this segment operates the Patterson Technology Center, a 100,000 square-foot facility in Illinois.

Animal Health

In addition to the locations operated by PLSI, Patterson Animal Health has approximately 100 properties located in the U.S., Canada and the U.K., the majority of which are leased. In the U.S., these properties are in 86 locations across 27 states, and comprise fulfillment centers, storage locations, sales and administrative offices, retail stores and call centers. In Canada, operations are supported by two fulfillment centers located in Alberta and Ontario. The segment's operations in the U.K. are supported by a primary distribution facility in Stoke-on-Trent and an additional nine depots used as secondary distribution points throughout the U.K. The headquarters for this segment are located in a leased office in Colorado.

Item 3. LEGAL PROCEEDINGS

From time to time, we become involved in lawsuits, administrative proceedings, government subpoenas, and government investigations (which may, in some cases, involve our entering into settlement agreements or consent decrees), relating to antitrust, commercial, environmental, product liability, intellectual property, regulatory, employment discrimination, securities, and other matters, including matters arising out of the ordinary course of business. The results of any legal proceedings cannot be predicted with certainty because such matters are inherently uncertain. Significant damages or penalties may be sought in some matters, and some matters may require years to resolve.

We accrue for these matters when it is both probable that a liability has been incurred and the amount of the loss can be reasonably estimated. Unless otherwise noted, with respect to the specific legal proceedings and claims described below, the amount or range or possible losses is not reasonably estimable. Adverse outcomes in some or all of these matters may result in significant monetary damages or injunctive relief against us that could adversely affect our ability to conduct our business. There also exists the possibility of a material adverse effect on our financial statements for the period in which the effect of an unfavorable outcome becomes probable and reasonably estimable.

On August 31, 2012, Archer and White Sales, Inc. ("Archer") filed a complaint against Henry Schein, Inc. as well as Danaher Corporation and its subsidiaries Instrumentarium Dental, Inc., Dental Equipment, LLC, Kavo Dental Technologies, LLC and Dental Imaging Technologies Corporation (collectively, the "Danaher Defendants") in the U.S. District Court for the Eastern District of Texas, Civil Action No. 2:12-CV-00572-JRG, styled as an antitrust action under Section 1 of the Sherman Act, and the Texas Free Enterprise Antitrust Act. Archer alleges a conspiracy between Henry Schein, an unnamed company and the Danaher Defendants to terminate or limit Archer's distribution rights. On August 1, 2017, Archer filed an amended complaint, adding Patterson Companies, Inc. and Benco Dental Supply Company as defendants, and alleging that Henry Schein, Patterson, Benco and non-defendant Burkhart Dental Supply Company, Inc. conspired to pressure and agreed to enlist their common suppliers, including the Danaher Defendants, to join a price-fixing conspiracy and boycott by reducing the distribution territory of, and eventually terminating, Archer. Archer seeks injunctive relief, and damages in an amount to be proved at trial, to be trebled with interest and costs, including attorneys' fees, jointly and severally. On June 25, 2018, the U.S. Supreme Court granted certiorari to review an arbitration issue raised by the Danaher Defendants, thereby continuing the case stay implemented in March 2018. On October 29, 2018, the Supreme Court heard oral arguments. On January 8, 2019, the Supreme Court issued its published decision vacating the judgment of the U.S. Court of Appeals for the Fifth Circuit and remanded the case to the Fifth Circuit for further proceedings on a second arbitration issue consistent with the Supreme Court's opinion. The Fifth Circuit heard oral arguments on May 1, 2019. On August 14, 2019, the Fifth Circuit affirmed the District Court's finding that the arbitration provision does not apply to this litigation. On January 15, 2020, we reached an agreement in principle to settle with Archer. On March 23, 2020, we settled with Archer and the action against Patterson was dismissed on March 31, 2020.

On March 28, 2018, Plymouth County Retirement System (“Plymouth”) filed a federal securities class action complaint against Patterson Companies, Inc. and its former CEO Scott P. Anderson and former CFO Ann B. Gugino in the U.S. District Court for the District of Minnesota in a case captioned Plymouth County Retirement System v. Patterson Companies, Inc., Scott P. Anderson and Ann B. Gugino, Case No. 0:18-cv-00871 MJD/SER. On November 9, 2018, the complaint was amended to add former CEO James W. Wiltz and former CFO R. Stephen Armstrong as individual defendants. Under the amended complaint, on behalf of all persons or entities that purchased or otherwise acquired Patterson’s common stock between June 26, 2013 and February 28, 2018, Plymouth alleges that Patterson violated federal securities laws by failing to disclose that Patterson’s revenue and earnings were “artificially inflated by Defendants’ illicit, anti-competitive scheme with its purported competitors, Benco and Schein, to prevent the formation of buying groups that would allow its customers who were office-based practitioners to take advantage of pricing arrangements identical or comparable to those enjoyed by large-group customers.” In its class action complaint, Plymouth asserts one count against Patterson for violating Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 promulgated thereunder and a second, related count against the individual defendants for violating Section 20(a) of the Exchange Act. Plymouth seeks compensatory damages, pre- and post-judgment interest and reasonable attorneys’ fees and experts’ witness fees and costs. On August 30, 2018, Gwinnett County Public Employees Retirement System and Plymouth County Retirement System, Pembroke Pines Pension Fund for Firefighters and Police Officers, Central Laborers Pension Fund were appointed lead plaintiffs. On January 18, 2019, Patterson and the individual defendants filed a motion to dismiss the amended complaint. On July 25, 2019, the U.S. Magistrate Judge issued a report and recommendation that the motion to dismiss be granted in part and denied in part. The report and recommendation, among other things, recommends the dismissal of all claims against individuals defendants Ann B. Gugino, R. Stephen Armstrong and James W. Wiltz. On September 10, 2019, the District Court adopted the Magistrate Judge’s report and recommendation. While the outcome of litigation is inherently uncertain, we believe that the class action complaint is without merit, and we are vigorously defending ourselves in this litigation. We do not anticipate that this matter will have a material adverse effect on our financial statements. Patterson has also received, and responded to, requests under Minnesota Business Corporation Act § 302A.461 to inspect corporate books and records relating to the issues raised in the securities class action complaint and certain antitrust litigation.

During the first quarter of fiscal 2019, the U.S. Attorney’s Office for the Western District of Virginia (“USAO-WDVA”) informed us that our subsidiary, Animal Health International, Inc., had been designated a target of a criminal investigation. The investigation originally related to Animal Health International’s sales of prescription animal health products to certain persons and/or locations not licensed to receive them in Virginia and Tennessee in violation of federal law. After being contacted by the USAO-WDVA, Patterson retained outside legal counsel and began an internal investigation. Since that time, we produced documents both responsive to grand jury subpoenas and voluntarily. In December 2018, as a result of our internal investigation, we voluntarily advised the USAO-WDVA that some of Animal Health International’s shipments of prescription animal health products were made from a warehouse rather than a pharmacy to end-user customers in the states of Virginia and Tennessee. Thereafter, as part of our internal investigation, we conducted a comprehensive review of Animal Health International’s distribution and licensing practices across all 50 U.S. states. That review identified compliance issues in additional states, which we voluntarily disclosed to the USAO-WDVA in April 2019. Our Board of Directors established a special investigation committee to oversee and conduct the investigation, to review our licensing, dispensing, distribution and related sales practices company-wide, and to report on its findings to the Board and to the USAO-WDVA. As a result of the internal investigation, we modified our licensing, dispensing, distribution and related sales processes company-wide. We reached an agreement with the USAO-WDVA that resolved the federal government’s criminal investigation into Animal Health International and other non-compliant licensing, dispensing, distribution and related sales processes disclosed during the investigation. Under the terms of the agreement, Animal Health International paid a total criminal fine and forfeiture of \$52.8 million in the fourth quarter of fiscal 2020, and Animal Health International pleaded guilty to a strict-liability misdemeanor offense under the Federal Food, Drug and Cosmetic Act in connection with its failure to comply with federal law relating to the sales of prescription animal health products. In addition, Animal Health International and Patterson entered into a non-prosecution agreement for other non-compliant licensing, dispensing, distribution and related sales processes disclosed during the investigation and committed to undertake additional compliance program enhancements and provide compliance certifications for the period from the date of signing the non-prosecution agreement through the next three full fiscal years. The sentencing hearing took place on May 4, 2020, and the court entered a one-year probation period for Animal Health International. We recorded a reserve of \$58.3 million in our Corporate segment for the three and six months ended October 26, 2019 to account for the then-anticipated settlement of this matter and certain related costs and expenses. This matter may continue to divert management’s attention and cause us to suffer reputational harm. We also may be subject to other fines or penalties, equitable remedies (including but not limited to the suspension,

revocation or non-renewal of licenses) and litigation. The occurrence of any of these events could adversely affect our business, financial condition and results of operations.

On October 1, 2018, Sally Pemberton filed a stockholder derivative complaint against Patterson Companies, Inc., as a nominal defendant, and the following former and current officers and directors of Patterson: Scott Anderson, Ann Gugino, Mark Walchirk, John Buck, Alex Blanco, Jody Feragen, Sarena Lin, Ellen Rudnick, Neil Schrimsher, Les Vinney, James Wiltz, Paul Guggenheim, David Misiak and Tim Rogan as individual defendants in the U.S. District Court for the District of Minnesota in a case captioned Sally Pemberton v. Scott P. Anderson, et al., Case No. 18-CV-2818 (PJS/HB). Derivatively on behalf of Patterson, plaintiff alleges that Patterson, with Benco and Henry Schein, “engage[d] in a conspiracy in restraint of trade, whereby the companies agreed to refuse to offer discounted prices or otherwise negotiate with GPOs, agreed to fix margins on dental supplies and equipment, agreed not to poach one another’s customers or sales representatives, and agreed to block the entry and expansion of rival distributors. Plaintiff further alleges that the individual defendants failed to disclose Patterson’s alleged “antitrust misconduct” to the public and purportedly caused Patterson to repurchase \$412.8 million of its own stock at prices that were artificially inflated. In the derivative complaint, plaintiff asserts six counts against the individual defendants for: (i) breach of fiduciary duty; (ii) waste of corporate assets; (iii) unjust enrichment; (iv) violations of Section 14(a) of the Exchange Act; (v) violations of Section 10(b) and Rule 10b-5 of the Exchange Act and (vi) violations of Section 20(a) of the Exchange Act. Plaintiff seeks compensatory damages with pre-judgment and post-judgment interest, costs, disbursements and reasonable attorneys’ fees, experts’ fees, costs and expenses, and an order awarding restitution from the individual defendants and directing Patterson “to take all necessary actions to reform and improve its corporate governance and internal procedures.” On September 10, 2019, the Honorable Patrick J. Schiltz dismissed this action without prejudice because the plaintiff failed to make a pre-suit demand on Patterson’s Board of Directors. On October 31, 2019, Patterson’s Board received a written demand to initiate litigation against its officers and directors based on the claims Ms. Pemberton originally presented in her complaint. Following this demand, and after consultation with legal counsel, effective March 16, 2020, the Board adopted a resolution appointing Professor John Matheson and The Honorable George McGunnigle, retired Judge of Hennepin County District Court, as a special litigation committee pursuant to Minnesota Statutes Section 302A.241. Pursuant to the resolution, the special litigation committee has complete power and authority to investigate the demand, analyze the legal rights or remedies of Patterson, determine whether those rights or remedies should be pursued, and respond to Ms. Pemberton on behalf of Patterson.

On August 28, 2018, Kirsten Johnsen filed a stockholder derivative complaint against Patterson Companies, Inc., as a nominal defendant, and the following former and current officers and directors of Patterson: Scott Anderson, Ann Gugino, James Wiltz, John Buck, Jody Feragen, Ellen Rudnick, Les Vinney, Neil Schrimsher, Sarena Lin, Harold Slavkin, Alex Blanco and Mark Walchirk as individual defendants in Hennepin County District Court in a case captioned Kirsten Johnsen v. Scott P. Anderson et al., Case No. 27-CV-18-14315. Derivatively on behalf of Patterson, plaintiff alleges that Patterson “suppressed price competition and maintained supracompetitive prices for dental supplies and equipment by entering into agreements with Henry Schein and Benco to: (i) fix margins for dental supplies and equipment; and (ii) block the entry and expansion of lower-margin, lower-priced, rival dental distributors through threatened and actual group boycotts.” Plaintiff further alleges that the individual defendants failed to disclose Patterson’s alleged “price-fixing scheme” to the public and purportedly “caused Patterson to repurchase over \$412.8 million worth of its own stock at artificially inflated prices.” In the derivative complaint, plaintiff asserts three counts against the individual defendants for: (i) breach of fiduciary duty; (ii) waste of corporate assets; and (iii) unjust enrichment. Plaintiff seeks compensatory damages, equitable and injunctive relief as permitted by law, costs, disbursements and reasonable attorneys’ fees, accountants’ fees and experts’ fees, costs and expenses, and an order awarding restitution from the individual defendants and directing Patterson “to take all necessary actions to reform and improve its corporate governance and internal procedures.” On February 19, 2019, the Hennepin County District Court ordered this litigation stayed pending resolution of the above-described case brought by Sally Pemberton. On September 10, 2019, the Honorable Patrick J. Schiltz dismissed *Pemberton* without prejudice because the plaintiff failed to make a pre-suit demand on Patterson’s Board of Directors. On November 5, 2019, the defendants in Johnsen moved to dismiss such action based on plaintiff’s failure to make a pre-suit demand or otherwise properly plead demand futility. On December 12, 2019, in light of the outcome in *Pemberton*, the defendants and Johnsen entered into a stipulation for voluntary dismissal of the *Johnsen* action, which the court granted on December 13, 2019. On April 27, 2020, Patterson’s Board received a written demand to initiate litigation against its officers and directors based on the claims Ms. Johnsen originally presented in her complaint. The Board is in the process of reviewing the demand and determining how to address it.

Item 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

Item 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Market Information

Patterson's common stock trades on the NASDAQ Global Select Market[®] under the symbol "PDCO."

Holders

On June 16, 2020, the number of holders on record of common stock was 1,789. The transfer agent for Patterson's common stock is EQ Shareowner Services, 1110 Centre Pointe Curve, Suite 101, Mendota Heights, Minnesota 55120, telephone: (800) 468-9716.

Dividends

In fiscal 2020, a quarterly cash dividend of \$0.26 per share was paid throughout the year. We currently expect to pay quarterly cash dividends in the future, but any future dividend payments will be subject to approval by our Board of Directors, which will depend on our earnings, capital requirements, operating results and financial condition, as well as applicable law, regulatory constraints, industry practice and other business considerations that our Board considers relevant. We are also subject to various financial covenants under our debt agreements including the maintenance of leverage and interest coverage ratios. The terms of agreements governing debt that we may incur in the future may also contain similar covenants. Accordingly, there can be no assurance that we will pay dividends in the future at the same rate or at all.

Securities Authorized for Issuance Under Equity Compensation Plans

For information relating to securities authorized for issuance under equity compensation plans, see Part III, Item 12.

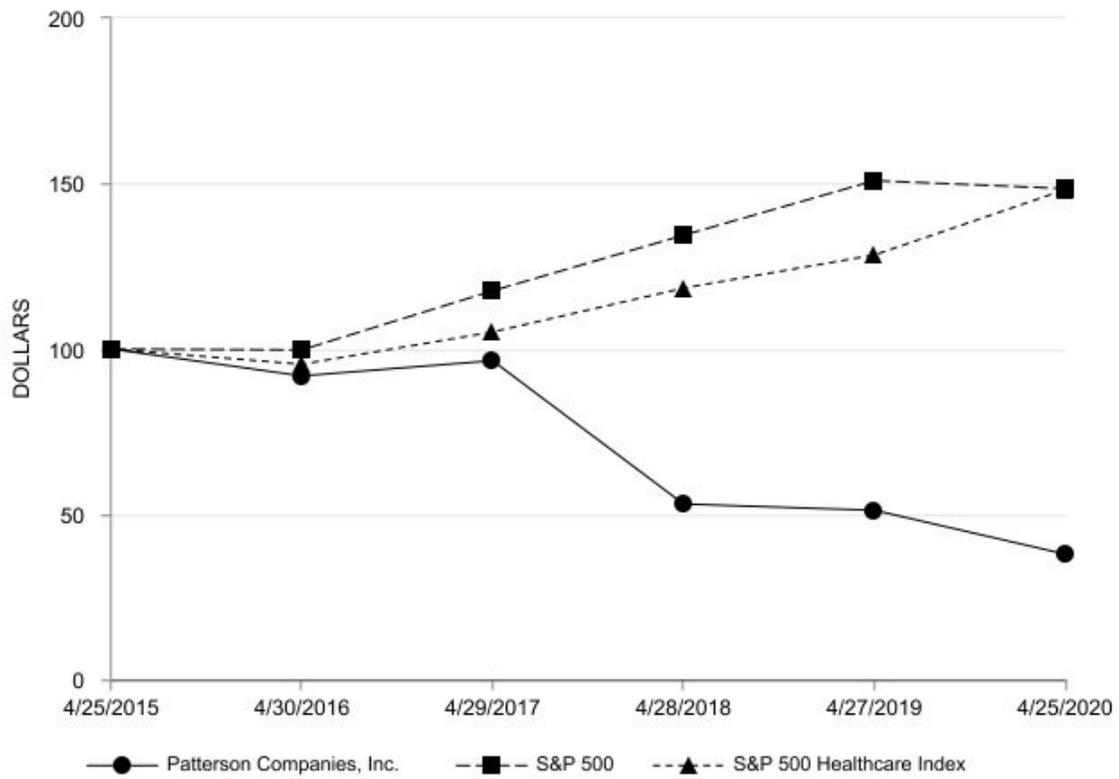
Purchases of Equity Securities by the Issuer

On March 13, 2018, the Board of Directors authorized a \$500 million share repurchase program through March 13, 2021. No shares were repurchased under the stock repurchase plan during fiscal 2020.

Performance Graph

The graph below compares the cumulative total shareholder return on \$100 invested at the market close on April 25, 2015, through April 25, 2020, with the cumulative return over the same time period on the same amount invested in the S&P 500 Index and the S&P 500 Healthcare Index.

COMPARISON OF 5 YEAR CUMULATIVE TOTAL RETURN



	Fiscal Year Ending					
	4/25/2015	4/30/2016	4/29/2017	4/28/2018	4/27/2019	4/25/2020
Patterson Companies, Inc.	100.00	91.75	96.24	53.03	51.21	37.87
S&P 500	100.00	99.69	117.55	134.24	150.80	148.44
S&P 500 Healthcare Index	100.00	95.38	105.00	118.31	128.29	148.21

Item 6. SELECTED CONSOLIDATED FINANCIAL DATA
(In thousands, except per share amounts)

	Fiscal Year Ended				
	April 25, 2020 ⁽¹⁾	April 27, 2019 ⁽²⁾	April 28, 2018 ⁽³⁾	April 29, 2017 ⁽⁴⁾	April 30, 2016 ⁽⁵⁾
Statement of Operations Data:					
Net sales	\$ 5,490,011	\$ 5,574,523	\$ 5,465,683	\$ 5,593,127	\$ 5,386,703
Cost of sales	4,292,601	4,383,748	4,266,317	4,291,730	4,063,955
Gross profit	1,197,410	1,190,775	1,199,366	1,301,397	1,322,748
Operating expenses	1,094,474	1,053,059	979,477	1,013,469	975,035
Goodwill impairment	675,055	—	—	—	—
Operating (loss) income	(572,119)	137,716	219,889	287,928	347,713
Other expense, net	(18,288)	(31,488)	(40,626)	(37,047)	(46,020)
(Loss) income before taxes	(590,407)	106,228	179,263	250,881	301,693
Income tax (benefit) expense	(1,040)	23,352	(21,711)	77,093	116,009
Net (loss) income from continuing operations	(589,367)	82,876	200,974	173,788	185,684
Net (loss) income from discontinued operations	—	—	—	(2,895)	1,500
Net (loss) income	(589,367)	82,876	200,974	170,893	187,184
Net loss attributable to noncontrolling interests	(921)	(752)	—	—	—
Net (loss) income attributable to Patterson Companies, Inc.	\$ (588,446)	\$ 83,628	\$ 200,974	\$ 170,893	\$ 187,184
Diluted (loss) earnings per share attributable to Patterson Companies, Inc.:					
Continuing operations	\$ (6.25)	\$ 0.89	\$ 2.16	\$ 1.82	\$ 1.90
Discontinued operations	—	—	—	(0.03)	0.01
Net diluted (loss) earnings per share	\$ (6.25)	\$ 0.89	\$ 2.16	\$ 1.79	\$ 1.91
Weighted average shares - diluted	94,154	93,484	93,094	95,567	97,902
Dividends per common share	\$ 1.04	\$ 1.04	\$ 1.04	\$ 0.98	\$ 0.90
Balance Sheet Data:					
Working capital	\$ 467,867	\$ 728,651	\$ 864,343	\$ 899,662	\$ 918,206
Total assets	2,715,350	3,269,269	3,471,664	3,507,913	3,520,804
Total long-term debt	587,766	725,341	922,030	998,272	1,022,155
Stockholders' equity	836,444	1,480,507	1,461,790	1,394,433	1,441,746

See the Notes to the Consolidated Financial Statements included in Item 8 of this Annual Report on Form 10-K.

- (1) Fiscal 2020 operating expenses include costs and expenses incurred in the first quarter of \$17.7 million related to the settlement of litigation and costs and expenses incurred in the second quarter of \$58.3 million related to the then-probable settlement of an investigation by the U.S. Attorney's Office for the Western District of Virginia. In fiscal 2020, we also recorded non-cash pre-tax goodwill impairment charges totaling \$675.1 million in our Animal Health segment. The goodwill impairments were not fully tax deductible.
- (2) Fiscal 2019 operating expenses include a pre-tax charge of \$28.3 million related to the settlement of litigation.
- (3) Fiscal 2018 includes a provisional discrete net tax benefit of \$76.6 million related to the enactment of comprehensive tax legislation by the U.S. government. See Note 11 to the Consolidated Financial Statements for additional information.
- (4) In fiscal 2017, we recorded a non-cash impairment charge of \$36.3 million related to a distribution agreement intangible asset within operating expenses.
- (5) In June 2015, we acquired Animal Health International, Inc. Prior to our acquisition, Animal Health International, Inc. generated sales and earnings before interest, income taxes, depreciation and amortization of \$1.5 billion and \$68 million, respectively, during the 12 months ended March 2015. In connection with this acquisition, we incurred pre-tax transaction costs of \$13.7 million, or \$0.11 per diluted share. Also in fiscal 2016, we approved a one-time repatriation of approximately \$200.0 million of foreign earnings. This one-time repatriation reduced the overall cost of funding the acquisition of Animal Health International, Inc. In addition, certain foreign cash at Patterson Medical was required to be repatriated as part of the sale of Patterson Medical. The continuing operations tax impact of \$12.3 million from the repatriation was recorded during fiscal 2016.

Item 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Overview

Our financial information for fiscal 2020 is summarized in this Management's Discussion and Analysis and the Consolidated Financial Statements and related Notes. The following background is provided to readers to assist in the review of our financial information.

We present three reportable segments: Dental, Animal Health and Corporate. Dental and Animal Health are strategic business units that offer similar products and services to different customer bases. Dental provides a virtually complete range of consumable dental products, equipment and software, turnkey digital solutions and value-added services to dentists and dental laboratories throughout North America. Animal Health is a leading, full-line distributor in North America and the U.K. of animal health products, services and technologies to both the production-animal and companion-pet markets. Our Corporate segment is comprised of general and administrative expenses, including home office support costs in areas such as information technology, finance, legal, human resources and facilities. In addition, customer financing and other miscellaneous sales are reported within Corporate results.

Operating margins of the animal health business are considerably lower than the dental business. While operating expenses run at a lower rate in the animal health business when compared to the dental business, gross margins in the animal health business are substantially lower due generally to the low margins experienced on the sale of pharmaceutical products.

We operate with a 52-53 week accounting convention with our fiscal year ending on the last Saturday in April. Fiscal 2020, 2019 and 2018 ended on April 25, 2020, April 27, 2019 and April 28, 2018, respectively, and all years consisted of 52 weeks. Fiscal 2021 will end on April 24, 2021 and will consist of 52 weeks.

We believe there are several important aspects of our business that are useful in analyzing it, including: (1) growth in the various markets in which we operate; (2) internal growth; (3) growth through acquisition; and (4) continued focus on controlling costs and enhancing efficiency. Management defines internal growth as the increase in net sales from period to period, adjusting for differences in the number of weeks in fiscal years, excluding the impact of changes in currency exchange rates, and excluding the net sales, for a period of twelve months following the transaction date, of businesses we have acquired.

Factors Affecting Our Results

COVID-19. The COVID-19 pandemic, including closures and other steps taken by governmental authorities in response to the virus, has had a significant impact on our businesses. Through March 2020, sales in our Dental and Animal Health segments were up year over year. In April 2020, our Dental segment sales were down approximately 71% and our Animal Health segment sales were down approximately 9%, as compared to April 2019. In addition, operating expenses were also down significantly in April 2020, as compared to April 2019, as certain variable expenses decreased with sales.

Goodwill Impairment. In the fourth quarter of fiscal 2020, we recorded non-cash pre-tax goodwill impairment charges totaling \$675.1 million in our Animal Health segment ("Goodwill Impairment"), which were not fully tax deductible. The decrease in the fair value of the Animal Health reporting unit below its carrying value was mainly the result of a reduction in management's estimates of future cash flows. Future cash flows were affected by a reduction in future sales volume and operating margins. The sales volume estimate is a reflection of recent sales trends we've experienced. Future operating margins are expected to be lower based on current trends in our markets. These trends are driven by customer and vendor consolidation. We experienced a further decrease in the fair value of the Animal Health reporting unit subsequent to our annual goodwill impairment test, which was caused by additional reductions in management's estimates of future cash flows, driven by reduced sales volumes, as well as reduced EBITDA multiples of comparable companies. These estimates and market multiples were negatively affected by COVID-19. The animal health industry has experienced a reduction in sales volume as a result of stay at home and shelter in place orders, as well as a result of meat packing plant closures. Our future cash flow estimates for this business unit reflect the long-term impact of COVID-19.

Receivables Securitization Program. In fiscal 2019 and fiscal 2020, we entered into receivables purchase agreements with MUFG Bank, Ltd. ("MUFG"). Under these agreements, MUFG acts as an agent to facilitate the

sale of certain Patterson receivables (the "Receivables") to certain unaffiliated financial institutions (the "Purchasers").

The proceeds from the sale of these Receivables comprise a combination of cash and a deferred purchase price ("DPP") receivable. The initial transaction in fiscal 2019 was a sale of \$237.6 million of net receivables. From this sale, we received \$171.0 million of cash. The proceeds from the initial sale were primarily used to reduce debt. The transaction in fiscal 2020 reduced our net receivables by \$120.1 million and increased cash by \$29.0 million as of January 25, 2020. As of April 25, 2020, the maximum available under the receivables purchase agreements was \$200.0 million, of which \$200.0 million was utilized. The DPP receivable was \$117.3 million as of April 25, 2020.

The DPP receivable is ultimately realized by Patterson following the collection of the underlying Receivables sold to the Purchasers. The collection of the DPP receivable is recognized as an increase to net cash provided by investing activities within the consolidated statements of cash flows, with a corresponding reduction to net cash provided by operating activities within the consolidated statements of cash flows.

Gain on Investment. We recorded a pre-tax gain of \$34.3 million related to one of our investments ("Gain on Investment") in fiscal 2020. This gain was based on the selling price of preferred stock in this investment that is similar to the preferred stock we own, and was adjusted for differences in liquidation preferences.

Early Repayment of Debt. In fiscal 2020, we repaid certain indebtedness totaling \$373.8 million ("Early Repayment of Debt"). As a result, we recorded a pre-tax non-cash charge of \$9.0 million during fiscal 2020. This charge relates to the January 2014 forward interest rate swap agreement and accelerated amortization of debt issuance costs.

Fiscal 2020 U.S. Attorney's Office Legal Reserve. We incurred costs and expenses of \$58.3 million ("Fiscal 2020 U.S. Attorney's Office Legal Reserve") during the second quarter of fiscal 2020 related to the then-probable settlement of an investigation by the U.S. Attorney's Office for the Western District of Virginia. See "Part I, Item 3. Legal Proceedings" for additional information.

Fiscal 2020 Legal Reserve. We incurred expenses of \$17.7 million during the first quarter of fiscal 2020 related to the settlement of litigation with SourceOne Dental, Inc.

Fiscal 2019 Legal Reserve. In September 2018, we signed an agreement to settle the litigation entitled *In re Dental Supplies Antitrust Litigation*. Under the terms of the settlement, we paid \$28.3 million into escrow upon preliminary court approval. Such funds were to be released to the settlement fund administrator upon final court approval of the settlement, which was granted at the fairness hearing held on June 24, 2019. We established a pre-tax reserve of \$28.3 million during the first quarter of fiscal 2019 to account for the settlement of this matter.

U.S. Tax Reform. In December 2017, the U.S. government enacted comprehensive tax legislation commonly referred to as the Tax Act. The Tax Act significantly revised the future ongoing U.S. federal corporate income tax by, among other things, lowering U.S. federal corporate tax rates and implementing a territorial tax system. Effective January 1, 2018, the Tax Act reduced the U.S. federal corporate tax rate from 35.0% to 21.0%. For our fiscal year ending April 28, 2018, we utilized a blended rate of approximately 30.5%. For fiscal 2018, these impacts resulted in a provisional discrete net tax benefit of \$76.6 million, which included provisional amounts of \$81.9 million of tax benefit on U.S. deferred tax assets and liabilities, \$4.0 million of tax expense for a one-time transition tax on unremitted foreign earnings and \$1.2 million in withholding taxes paid on current year distributions.

Results of Operations

The following table summarizes our results as a percent of net sales:

	Fiscal Year Ended		
	April 25, 2020	April 27, 2019	April 28, 2018
Net sales	100.0 %	100.0 %	100.0 %
Cost of sales	78.2	78.6	78.1
Gross profit	21.8	21.4	21.9
Operating expenses	19.9	18.9	17.9
Goodwill impairment	12.3	—	—
Operating (loss) income	(10.4)	2.5	4.0
Other expense, net	(0.4)	(0.6)	(0.7)
(Loss) income before taxes	(10.8)	1.9	3.3
Income tax (benefit) expense	(0.1)	0.4	(0.4)
Net (loss) income	(10.7)	1.5	3.7
Net loss attributable to noncontrolling interests	—	—	—
Net (loss) income attributable to Patterson Companies, Inc.	(10.7)%	1.5 %	3.7 %

Fiscal 2020 Compared to Fiscal 2019

Net sales. Consolidated net sales in fiscal 2020 were \$5,490.0 million, a decrease of 1.5% from \$5,574.5 million in fiscal 2019. Foreign exchange rate changes had an unfavorable impact of 0.4% on fiscal 2020 sales.

Dental segment sales decreased 4.1% to \$2,101.9 million in fiscal 2020 from \$2,191.8 million in fiscal 2019. Foreign exchange rate changes had an unfavorable impact of 0.1% on fiscal 2020 sales. Sales of consumables decreased 6.5%, sales of equipment and software decreased 2.5%, and sales of other services and products increased 2.2% in fiscal 2020. Dental segment sales were negatively affected by the COVID-19 pandemic during the fourth quarter of fiscal 2020 due to mandated and recommended closures after the American Dental Association announced on March 16, 2020 that dentists nationwide postpone elective procedures in response to the spread of COVID-19 across the country.

Animal Health segment sales decreased 0.5% to \$3,336.3 million in fiscal 2020 from \$3,354.5 million in fiscal 2019. Foreign exchange rate changes had an unfavorable impact of 0.6% on fiscal 2020 sales. Sales of certain products previously recognized on a gross basis were recognized on a net basis during fiscal 2020, resulting in an estimated 0.3% unfavorable impact to sales. Animal Health segment sales were also negatively affected by COVID-19 during the fourth quarter of fiscal 2020. The animal health industry has experienced a reduction in sales volume as a result of stay at home and shelter in place orders.

Gross profit. Consolidated gross profit margin increased 40 basis points from the prior year to 21.8%. Gross profit margin rates increased in both the Dental and Animal Health segment. In addition, a greater percentage of sales came from our Corporate segment sales, resulting in a higher consolidated gross profit margin rate.

Operating expenses. Consolidated operating expenses for fiscal 2020 were \$1,094.5 million, a 4.0% increase from the prior year of \$1,053.1 million. We incurred higher operating expenses during fiscal 2020 primarily as a result of legal fees and settlements in fiscal 2020 being \$40.9 million higher than those incurred in fiscal 2019.

Goodwill impairment. In fiscal 2020, we recorded goodwill impairment charges totaling \$675.1 million in our Animal Health segment.

Operating (loss) income. The consolidated operating loss was \$572.1 million in fiscal 2020, compared to operating income of \$137.7 million, or 2.5% of sales, in fiscal 2019. The change in operating (loss) income from fiscal 2019 was driven by the Goodwill Impairment and higher legal fees and settlements in fiscal 2020.

Dental segment operating income was \$168.3 million for fiscal 2020, a decrease of \$10.9 million from fiscal 2019. The decrease was driven primarily by lower net sales, partially offset by lower operating expenses.

Animal Health segment operating loss was \$594.7 million for fiscal 2020, as compared to operating income of \$81.5 million for fiscal 2019. The change was primarily driven by the Goodwill Impairment in fiscal 2020.

Corporate segment operating loss was \$145.7 million for fiscal 2020, as compared to a loss of \$123.0 million for fiscal 2019. The change was driven primarily by higher legal fees and settlements, partially offset by higher net sales recorded during fiscal 2020.

Other income (expense), net. Net other expense was \$18.3 million in fiscal 2020, compared to \$31.5 million in fiscal 2019. Net other expense was lower during fiscal 2020 due to the Gain on Investment, partially offset by losses incurred on interest rate swap agreements we utilize to hedge against interest rate fluctuations that impact the amount of net sales we record related to our customer financing contracts. In addition, interest expense was higher in fiscal 2020, driven by the Early Repayment of Debt, partially offset by lower long-term debt.

Income tax (benefit) expense. For fiscal 2020, the income tax benefit was \$1.0 million on a loss before taxes of \$590.4 million. The Goodwill Impairment and the Fiscal 2020 U.S. Attorney's Office Legal Reserve were not fully deductible. The effective income tax rate for fiscal 2019 was 22.0%.

Net (loss) income attributable to Patterson Companies, Inc. and (loss) earnings per share. Net loss attributable to Patterson Companies Inc. was \$588.4 million in fiscal 2020, compared to net income attributable to Patterson Companies Inc. of \$83.6 million in fiscal 2019. The loss per diluted share was \$6.25 in fiscal 2020, compared to earnings per diluted share of \$0.89 in fiscal 2019. Weighted average diluted shares in fiscal 2020 were 94,154,000, compared to 93,484,000 in fiscal 2019. The fiscal 2020 and fiscal 2019 cash dividend was \$1.04 per common share.

Fiscal 2019 Compared to Fiscal 2018

See Item 7 in our 2019 Annual Report on Form 10-K filed June 26, 2019.

Liquidity and Capital Resources

Net cash (used in) provided by operating activities was \$(243.5) million in fiscal 2020, compared to \$48.2 million in fiscal 2019 and \$178.9 million in fiscal 2018. Net cash used in operating activities in fiscal 2020 was primarily due to the impact of our Receivables Securitization Program, partially offset by a reduction in working capital, which was driven mainly by an increase in accounts payable. The net cash provided by operating activities in fiscal 2019 was primarily driven by a reduction in working capital, partially offset by the impact of our Receivables Securitization Program. In fiscal 2018, our cash flows from operating activities were primarily driven by net income.

Net cash provided by investing activities was \$499.1 million in fiscal 2020, compared to \$340.7 million in fiscal 2019 and \$17.0 million in fiscal 2018. Collections of deferred purchase price receivables were \$540.9 million, \$402.4 million and \$49.7 million in fiscal 2020, 2019 and 2018, respectively. Capital expenditures were \$41.8 million, \$60.7 million and \$43.3 million in fiscal 2020, 2019 and 2018, respectively. Capital expenditures in fiscal 2019 included a \$14.9 million investment to convert leased property into owned property. We expect to use a total of approximately \$50 million for capital expenditures in fiscal 2021.

Net cash used in financing activities in fiscal 2020 was \$271.2 million. Uses of cash consisted primarily of \$460.8 million for the retirement of long-term debt and \$100.4 million for dividend payments. In December 2019, we entered into a \$300.0 million senior unsecured term loan facility, as described further below. Net cash used in financing activities in fiscal 2019 was \$355.2 million. Uses of cash consisted primarily of \$249.5 million for the retirement of long-term debt and \$99.5 million for dividend payments. Net cash used in financing activities in fiscal 2018 was \$230.2 million. Uses of cash consisted primarily of \$164.8 million for the retirement of long-term debt, \$99.2 million for dividend payments and \$87.5 million for share repurchases. In March 2018, we issued fixed-rate senior notes with an aggregate principal amount of \$150.0 million, due fiscal 2028. The proceeds were used to repay \$150.0 million of senior notes that came due in March 2018, which is included in the \$164.8 million of debt retirement noted above.

In fiscal 2020, a quarterly cash dividend of \$0.26 per share was paid throughout the year. We currently expect to pay quarterly cash dividends in the future, but any future dividend payments will be subject to approval by our Board of Directors, which will depend on our earnings, capital requirements, operating results and financial condition, as well as applicable law, regulatory constraints, industry practice and other business considerations that our Board considers relevant. We are also subject to various financial covenants under our debt agreements including the maintenance of leverage and interest coverage ratios. The terms of agreements governing debt that we may incur

in the future may also contain similar covenants. Accordingly, there can be no assurance that we will pay dividends in the future at the same rate or at all.

In fiscal 2017, we entered into an amended credit agreement (“Amended Credit Agreement”), consisting of a \$295.1 million term loan and a \$750.0 million revolving line of credit. In March 2019, we permanently reduced the capacity under the revolving line of credit to \$500.0 million. Interest on borrowings is variable and is determined as a base rate plus a spread. This spread, as well as a commitment fee on the unused portion of the facility, is based on our leverage ratio, as defined in the Amended Credit Agreement. During the quarter ended October 26, 2019, we repaid the remaining \$81.6 million outstanding under the unsecured term loan. As of April 25, 2020, no amount was outstanding under the Amended Credit Agreement unsecured term loan or revolving line of credit. At April 27, 2019, \$87.1 million was outstanding under the Amended Credit Agreement unsecured term loan at an interest rate of 3.73%, and no amount was outstanding under the Amended Credit Agreement revolving line of credit. The term loan and revolving line of credit mature no later than January 2022.

In December 2019, we entered into a senior unsecured term loan facility agreement (the “Term Facility Agreement”), consisting of a \$300.0 million term loan. Interest on borrowings is variable and is determined as a base rate plus a spread. This spread is based on our leverage ratio, as defined in the Term Facility Agreement. The proceeds were used to repay certain existing indebtedness, pay fees and expenses incurred in connection with the Term Facility Agreement, and finance our ongoing working capital and other general corporate purposes. The Term Facility will mature no later than December 20, 2022. As of April 25, 2020, \$300.0 million was outstanding under the Term Facility at an interest rate of 1.87%.

During the quarter ended January 25, 2020, we repaid certain indebtedness totaling \$373.8 million. See Note 6 to the Consolidated Financial Statements for additional details on the repayments.

On March 13, 2018, the Board of Directors authorized a \$500 million share repurchase program through March 13, 2021. As of April 25, 2020, \$500 million remains available under the current repurchase authorization.

We have \$77.9 million in cash and cash equivalents as of April 25, 2020, of which \$46.8 million is in foreign bank accounts. See Note 11 to the Consolidated Financial Statements for further information regarding our intention to permanently reinvest these funds. Included in cash and cash equivalents as of April 25, 2020 is \$21.8 million of cash collected from previously sold customer financing arrangements that have not yet been settled with the third party. See Note 7 to the Consolidated Financial Statements for further information. We expect funds used in operations, the collection of deferred purchase price receivables, existing cash balances and credit availability under existing debt facilities will be sufficient to meet our working capital needs and to finance our business over the next fiscal year.

In May 2020, we requested draws on our Amended Credit Agreement revolving line of credit, resulting in a total of \$450 million outstanding under the revolving credit facility, representing 90% of the full amount available. The Company elected to drawdown the revolving line of credit to increase its cash position and provide financial flexibility in light of current economic conditions and uncertainties arising in connection with the COVID-19 pandemic. The proceeds are being used for working capital and other general corporate purposes.

As part of our broad-based effort to respond to the COVID-19 pandemic, we implemented cost reduction measures, including base salary reductions for employees at the level of manager through our executive officers of between 10% and 35% during the period from May 1, 2020 through July 31, 2020.

We expect to continue to obtain liquidity from the sale of equipment finance contracts. Patterson sells a significant portion of our finance contracts (see below) to a commercial paper funded conduit managed by a third party bank, and as a result, commercial paper is indirectly an important source of liquidity for Patterson. Patterson is allowed to participate in the conduit due to the quality of our finance contracts and our financial strength. Cash flows could be impaired if our financial strength diminishes to a level that precluded us from taking part in this facility or other similar facilities. Also, market conditions outside of our control could adversely affect the ability for us to sell the contracts.

Customer Financing Arrangements

As a convenience to our customers, we offer several different financing alternatives, including a third party program and a Patterson-sponsored program. For the third party program, we act as a facilitator between the customer and the third party financing entity with no on-going involvement in the financing transaction. Under the Patterson-

sponsored program, equipment purchased by creditworthy customers may be financed up to a maximum of \$1 million. We generally sell our customers' financing contracts to outside financial institutions in the normal course of our business. We currently have two arrangements under which we sell these contracts.

First, we operate under an agreement to sell a portion of our equipment finance contracts to commercial paper conduits with MUFG Bank, Ltd. ("MUFG") serving as the agent. We utilize PDC Funding, a consolidated, wholly owned subsidiary, to fulfill a requirement of participating in the commercial paper conduit. We receive the proceeds of the contracts upon sale to MUFG. The capacity under the agreement with MUFG at April 25, 2020 was \$525 million.

Second, we maintain an agreement with Fifth Third Bank ("Fifth Third") whereby Fifth Third purchases customers' financing contracts. PDC Funding II, a consolidated, wholly owned subsidiary, sells financing contracts to Fifth Third. We receive the proceeds of the contracts upon sale to Fifth Third. The capacity under the agreement with Fifth Third at April 25, 2020 was \$100 million.

Our financing business is described in further detail in Note 8 to the Consolidated Financial Statements.

Contractual Obligations

A summary of our contractual obligations as of April 25, 2020 follows (in thousands):

	Payments due by year				
	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
Long-term debt principal	\$ 591,250	\$ —	\$ 400,750	\$ 150,500	\$ 40,000
Long-term debt interest	59,834	16,158	26,684	12,444	4,548
Operating leases	84,919	33,195	41,710	9,137	877
Total	\$ 736,003	\$ 49,353	\$ 469,144	\$ 172,081	\$ 45,425

As of April 25, 2020 our gross liability for uncertain tax positions, including interest and penalties, was \$13.7 million. We are not able to reasonably estimate the amount by which the liability will increase or decrease over an extended period of time or whether a cash settlement of the liability will be required. Therefore, these amounts have been excluded from the schedule of contractual obligations.

For a more complete description of our contractual obligations, see Notes 7 and 11 to the Consolidated Financial Statements.

Outlook

The COVID-19 pandemic and measures taken in response thereto have had a significant impact on our businesses. In March 2020, based upon the recommendations of the American Dental Association, the American Veterinary Medical Association and such organizations' state-level counterparts, various dental and veterinary offices announced that they were performing only emergency or limited procedures, and rescheduled wellness exams and other elective procedures. In addition, many states and countries imposed restrictions on business operations to protect public health. As of June 2020, these measures have been lifted in some areas that we serve, sometimes subject to social distancing and capacity restrictions. However, future closures may be mandated or recommended by health authorities in some states, cities, or counties depending on the progress of the pandemic. In addition, even if dental and veterinary offices are open for business in their area, some consumers may continue to delay elective visits. In addition, the pandemic has also negatively impacted consumer spending and business spending habits due to increased unemployment and economic uncertainty, all of which may become heightened concerns upon a second wave of infection or future developments. The animal health industry has also experienced a reduction in sales volume as a result of stay at home and shelter in place orders, as well as due to meat packing plant closures.

We cannot accurately estimate how long and to what extent COVID-19 will continue to impact our business. Although we have experienced reduced demand, we are unable to predict how significantly the pandemic will reduce future demand for services provided by dentists and veterinarians, the effect of such decreased demand on the demand for the dental and companion animal products and services we distribute, or the impact of the pandemic on the overall healthcare infrastructure and economic outlook in the United States, Canada or the United Kingdom.

In addition to the impact on procedure volumes, we are experiencing and may experience other disruptions as a result of the COVID-19 pandemic. For example, disruptions or potential disruptions include restrictions on the ability of our personnel to travel and access customers for sales, service and other support; supplier disruptions; and additional government requirements to “shelter at home” or other incremental mitigation efforts that may further impact our capacity to sell and service the products we distribute. Furthermore, the economic effects of the pandemic and other governmental actions could reduce the demand for food animal products, thereby adversely affecting our production animal supply business. The total impact of these disruptions could have a material impact on our financial condition, cash flows and results of operations. However, we continue to believe in the long-term fundamentals of our business and our compelling value proposition to customers.

Working Capital Management

The following table summarizes our average accounts receivable days sales outstanding and average annual inventory turnover for the past three fiscal years:

	Fiscal Year Ended		
	April 25, 2020	April 27, 2019	April 28, 2018
Days sales outstanding	29.1	36.5	53.1
Inventory turnover	5.4	5.3	5.2

Foreign Operations

We derive foreign sales from Dental operations in Canada, and Animal Health operations in Canada and the U.K. Fluctuations in currency exchange rates have not significantly impacted earnings, as these fluctuations impact sales, cost of sales and operating expenses. However, changes in exchange rates adversely affected net sales by \$21.9 million and \$24.3 million in fiscal 2020 and 2019, respectively, while they positively impacted net sales by \$29.5 million in fiscal 2018. Changes in currency exchange rates are a risk accompanying foreign operations, but this risk is not considered material with respect to our consolidated operations.

Critical Accounting Policies and Estimates

Patterson has adopted various accounting policies to prepare our consolidated financial statements in accordance with accounting principles generally accepted in the U.S. Management believes that our policies are conservative and our philosophy is to adopt accounting policies that minimize the risk of adverse events having a material impact on recorded assets and liabilities. However, the preparation of financial statements requires the use of estimates and judgments regarding the realization of assets and the settlement of liabilities based on the information available to management at the time. Changes subsequent to the preparation of the financial statements in economic, technological and competitive conditions may materially impact the recorded values of Patterson’s assets and liabilities. Therefore, the users of the financial statements should read all the notes to the Consolidated Financial Statements and be aware that conditions currently unknown to management may develop in the future. This may require a material adjustment to a recorded asset or liability to consistently apply to our significant accounting principles and policies that are discussed in Note 1 to the Consolidated Financial Statements. The financial performance and condition of Patterson may also be materially impacted by transactions and events that we have not previously experienced and for which we have not been required to establish an accounting policy or adopt a generally accepted accounting principle.

Revenue Recognition – Revenues are generated from the sale of consumable products, equipment and support, software and support, technical service parts and labor, and other sources. Revenues are recognized when or as performance obligations are satisfied. Performance obligations are satisfied when the customer obtains control of the goods or services.

Consumable, equipment, software and parts sales are recorded upon delivery, except in those circumstances where terms of the sale are FOB shipping point, in which case sales are recorded upon shipment. Technical service labor is recognized as it is provided. Revenue derived from equipment and software support is recognized ratably over the period in which the support is provided.

In addition to revenues generated from the distribution of consumable products under arrangements (buy/sell agreements) where the full market value of the product is recorded as revenue, we earn commissions for services provided under agency agreements. The agency agreement contrasts to a buy/sell agreement in that we do not have control over the transaction, as we do not have the primary responsibility of fulfilling the promise of the good or service and we do not bill or collect from the customer in an agency relationship. Commissions under agency agreements are recorded when the services are provided.

Estimates for returns, damaged goods, rebates, loyalty programs and other revenue allowances are made at the time the revenue is recognized based on the historical experience for such items. The receivables that result from the recognition of revenue are reported net of related allowances. We maintain a valuation allowance based upon the expected collectability of receivables held. Estimates are used to determine the valuation allowance and are based on several factors, including historical collection data, economic trends and credit worthiness of customers. Receivables are written off when we determine the amounts to be uncollectible, typically upon customer bankruptcy or non-response to continuous collection efforts. The portions of receivable amounts that are not expected to be collected during the next twelve months are classified as long-term.

Patterson has a relatively large, dispersed customer base and no single customer accounts for more than 10% of consolidated net sales. In addition, the equipment sold to customers under finance contracts generally serves as collateral for the contract and the customer provides a personal guarantee as well.

Net sales do not include sales tax as we are considered a pass-through conduit for collecting and remitting sales tax.

Patterson Advantage Loyalty Program – Patterson Dental provides a point-based awards program to qualifying customers involving the issuance of “Patterson Advantage dollars” which can be used toward equipment and technology purchases. Patterson Advantage dollars earned during a program year expire one year after the end of the program year. The cost and corresponding liability associated with the program is recognized as contra-revenue. As of April 25, 2020, we believe we have sufficient experience with the program to reasonably estimate the amount of Patterson Advantage dollars that will not be redeemed and thus have recorded a liability for 92.0% of the maximum potential amount that could be redeemed. We recognize the expected breakage amount as revenue in proportion to the pattern of rights exercised by the customer, and we recognize the estimated value of unused Patterson Advantage dollars as redemptions occur. Breakage recognized was immaterial to all periods presented.

Inventory and Reserves – Inventory consists primarily of merchandise held for sale and is stated at the lower of cost or market. Cost is determined using the last-in, first-out (“LIFO”) method for all inventories, except for foreign inventories and manufactured inventories, which are valued using the first-in, first-out (“FIFO”) method. We continually assess the valuation of inventories and reduce the carrying value of those inventories that are obsolete or in excess of forecasted usage to estimated realizable value. Estimates are made of the net realizable value of such inventories based on analyses and assumptions including, but not limited to, historical usage, future demand and market requirements.

Goodwill and Other Indefinite-Lived Intangible Assets – Goodwill represents the excess of cost over the fair value of identifiable net assets of businesses acquired. Impairment testing for goodwill is done at the reporting unit level, with all goodwill assigned to a reporting unit. We have two reporting units as of April 25, 2020; Dental and Animal Health. Our Corporate reportable segment's assets and liabilities, and net sales and expenses, are allocated to the two reporting units. We assess goodwill for impairment annually and whenever an event occurs or circumstances change that would indicate that the carrying amount may be impaired. Any goodwill impairment is measured as the amount by which a reporting unit's carrying value exceeds its fair value, not to exceed the carrying value of goodwill.

The determination of fair value involves uncertainties because it requires management to make assumptions and to apply judgment to estimate industry and economic factors and the profitability of future business strategies. Patterson conducts impairment testing based on current business strategy in light of present industry and economic conditions, as well as future expectations. Additionally, in assessing goodwill for impairment, the reasonableness of the implied control premium is considered based on market capitalizations and recent market transactions.

Our indefinite-lived intangible asset is a trade name, which is assessed for impairment by comparing the carrying value of the asset with its fair value. If the carrying value exceeds fair value, an impairment loss is recognized in an amount equal to the excess. The determination of fair value involves assumptions, including projected revenues and gross profit levels, as well as consideration of any factors that may indicate potential impairment.

In connection with the preparation of these financial statements in the fourth quarter of fiscal 2020, management completed its annual goodwill and other indefinite-lived intangible asset impairment tests using the beginning of our fiscal 2020 fourth quarter as the valuation date. We determined that there was no impairment of our indefinite-lived intangible asset. Our annual goodwill impairment test resulted in no impairment to the Dental reporting unit's goodwill, and a \$269.0 million non-cash pre-tax impairment charge of our Animal Health reporting unit's goodwill.

The decrease in the fair value of the Animal Health reporting unit below its carrying value was mainly the result of a reduction in management's estimates of future cash flows. Future cash flows were affected by a reduction in future sales volume and operating margins. The sales volume estimate is a reflection of recent sales trends we've experienced. Future operating margins are expected to be lower based on current trends in our markets. These trends are driven by customer and vendor consolidation.

Subsequent to the annual test being completed and in connection with the preparation of these financial statements, we experienced events and circumstances that indicated that the carrying amount of goodwill may be further impaired. These events and circumstances included a decline in our projected future earnings and a sustained decrease in our share price. As such, we tested our goodwill for impairment as of the beginning of our fiscal April 2020. This test resulted in no impairment to the Dental reporting unit's goodwill, and a \$406.1 million non-cash pre-tax impairment charge of our Animal Health reporting unit's goodwill.

The decrease in the fair value of the Animal Health reporting unit subsequent to the annual goodwill impairment test was caused by additional reductions in management's estimates of future cash flows, driven by reduced sales volumes, as well as reduced EBITDA multiples of comparable companies. These estimates and market multiples were negatively affected by COVID-19. The animal health industry has experienced a reduction in sales volume as a result of stay at home and shelter in place orders, as well as a result of meat packing plant closures. Our future cash flow estimates for this business unit reflect the long-term impact of COVID-19.

As of April 25, 2020, our Animal Health reporting unit had no remaining goodwill as a result of the total goodwill impairment charges recorded in fiscal 2020 of \$675.1 million.

Long-Lived Assets – Long-lived assets, including definite-lived intangible assets, are evaluated for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable through the estimated undiscounted future cash flows derived from such assets. Our definite-lived intangible assets primarily consist of customer relationships, trade names and trademarks. When impairment exists, the related assets are written down to fair value using level 3 inputs, as discussed further in Note 9 to the Consolidated Financial Statements.

Related Party Transactions – We have interests in a number of entities that are accounted for using the equity method. During fiscal 2020, 2019 and 2018 we made purchases of \$94.2 million, \$87.9 million and \$84.2 million from these entities, respectively. During fiscal 2020, 2019 and 2018, we recorded net sales of \$110.3 million, \$74.5 million and \$19.7 million to these entities, respectively.

Income Taxes – We are subject to income taxes in the U.S. and numerous foreign jurisdictions. Significant judgments are required in determining the consolidated provision for income taxes. Changes in interpretation of the Tax Act could create potential added uncertainties.

During the ordinary course of business, there are many transactions and calculations for which the ultimate tax determination is uncertain. As a result, we recognize tax liabilities based on estimates of whether additional taxes and interest will be due. These tax liabilities are recognized when, despite our belief that our tax return position is supportable, we believe that certain positions may not be fully sustained upon review by tax authorities. We believe that our accruals for tax liabilities are adequate for all open audit years based on our assessment of many factors including past experience and interpretations of tax law. This assessment relies on estimates and assumptions and may involve a series of complex judgments about future events. To the extent that the final tax outcome of these matters is different than the amounts recorded, such differences will impact income tax expense in the period in which such determination is made and could materially affect our financial results.

Valuation allowances are established for deferred tax assets if, after assessment of available positive and negative evidence, it is more likely than not that the deferred tax asset will not be fully realized.

Self-insurance – Patterson is self-insured for certain losses related to general liability, product liability, automobile, workers' compensation and medical claims. We estimate our liabilities based upon an analysis of historical data and actuarial estimates. While current estimates are believed reasonable based on information currently available, actual results could differ and affect financial results due to changes in the amount or frequency of claims, medical cost inflation or other factors. Historically, actual results related to these types of claims have not varied significantly from estimated amounts.

Stock-based Compensation – We recognize stock-based compensation based on certain assumptions including inputs within valuation models, estimated forfeitures and estimated performance outcomes. These assumptions require subjective judgment and changes in the assumptions can materially affect fair value estimates. Management assesses the assumptions and methodologies used to estimate forfeitures and to calculate estimated fair value of stock-based compensation on a regular basis. Circumstances may change, and additional data may become available over time, which could result in changes to these assumptions and methodologies and thereby materially impact the fair value determination or estimates of forfeitures. If factors change and we employ different assumptions, the amount of compensation expense associated with stock-based compensation may differ significantly from what was recorded in the current period.

Item 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market Risk

We are exposed to market risk consisting of foreign currency rate fluctuations and changes in interest rates.

We are exposed to foreign currency exchange rate fluctuations in our operating statement due to transactions denominated primarily in Canadian Dollars and British Pounds. Although we are not currently involved with foreign currency hedge contracts, we continually evaluate our foreign currency exchange rate risk and the different mechanisms for use in managing such risk. A hypothetical 10% change in the value of the U.S. dollar in relation to our most significant foreign currency exposures would have changed net sales by approximately \$85.1 million for the fiscal year ended April 25, 2020. This amount is not indicative of the hypothetical net earnings impact due to the partially offsetting impact of the currency exchange movements on cost of sales and operating expenses. We estimate that if foreign currency exchange rates changed by 10%, the impact would have been approximately \$0.3 million to (loss) income before taxes for the fiscal year ended April 25, 2020.

In fiscal 2017, we entered into an amended credit agreement (“Amended Credit Agreement”), consisting of a \$295.1 million term loan and a \$750.0 million revolving line of credit. In March 2019, we permanently reduced the capacity under the revolving line of credit to \$500.0 million. Interest on borrowings is variable and is determined as a base rate plus a spread. This spread, as well as a commitment fee on the unused portion of the facility, is based on our leverage ratio, as defined in the Amended Credit Agreement. The term loan and revolving line of credit mature no later than January 2022. In December 2019, we entered into a senior unsecured term loan facility agreement (the “Term Facility Agreement”), consisting of a \$300.0 million term loan. Interest on borrowings is variable and is determined as a base rate plus a spread. This spread is based on our leverage ratio, as defined in the Term Facility Agreement. The Term Facility will mature no later than December 20, 2022. Interest on borrowings under the Amended Credit Agreement and the Term Facility Agreement is variable. Due to the interest rate being variable, fluctuations in interest rates may impact our earnings. Based on our current level of debt, we estimate that a 100 basis point change in interest rates would have a \$3.0 million annual impact on our (loss) income before taxes.

Our earnings are also affected by fluctuations in short-term interest rates through the investment of cash balances and the practice of selling fixed rate equipment finance contracts under agreements with both a commercial paper conduit and a bank that provide for pricing based on variable interest rates.

When considering the exposure under the agreements whereby we sell equipment finance contracts to both a commercial paper conduit and bank, we have the ability to select pricing based on interest rates ranging from 30 day LIBOR up to twelve month LIBOR. In addition, the majority of the portfolio of installment contracts generally turns over in less than 48 months, and we can adjust the rate we charge on new customer contracts at any time. Therefore, in times where the interest rate markets are not rapidly increasing or decreasing, the average interest rate in the portfolio generally moves with the interest rate markets and thus would parallel the underlying interest rate movement of the pricing built into the sale agreements. In calculating the gain on the contract sales, we use an interest rate curve that approximates the maturity period of the then-outstanding contracts. If increases in the

interest rate markets occur, the average interest rate in our contract portfolio may not increase at the same rate, resulting in a reduction of gain on the contract sales as compared to the gain that would be realized if the average interest rate in our portfolio were to increase at a more similar rate to the interest rate markets. In fiscal 2019, we entered into forward interest rate swap agreements in order to hedge against interest rate fluctuations that impact the amount of net sales we record related to these contracts. These interest rate swap agreements do not qualify for hedge accounting treatment and, accordingly, we record the fair value of the agreements as an asset or liability and the change as income or expense during the period in which the change occurs. As a result of entering into these interest rate swap agreements, we estimate that a 10% change in interest rates would have less than a \$1.0 million annual impact on our (loss) income before taxes.

**Item 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA
REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Shareholders and the Board of Directors of Patterson Companies, Inc.

Opinion on Internal Control Over Financial Reporting

We have audited Patterson Companies, Inc. internal control over financial reporting as of April 25, 2020, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, Patterson Companies, Inc. (the Company) maintained, in all material respects, effective internal control over financial reporting as of April 25, 2020, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), audited the accompanying consolidated balance sheets of Patterson Companies, Inc. (the Company) as of April 25, 2020 and April 27, 2019, the related consolidated statements of operations, comprehensive (loss) income, stockholders' equity and cash flows for each of the three years in the period ended April 25, 2020, and the related notes and the financial statement schedule listed in the Index at Item 15(a)(2) (collectively referred to as the "consolidated financial statements") and our report dated June 24, 2020 expressed an unqualified opinion thereon.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Annual Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Ernst & Young LLP
Minneapolis, Minnesota
June 24, 2020

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and the Board of Directors of Patterson Companies, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Patterson Companies, Inc. (the Company) as of April 25, 2020 and April 27, 2019, the related consolidated statements of operations and other comprehensive (loss) income, changes in stockholders' equity and cash flows for each of the three years in the period ended April 25, 2020, and the related notes and the financial statement schedule listed in the Index at Item 15(a)(2) (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at April 25, 2020 and April 27, 2019, and the results of its operations and its cash flows for each of the three years in the period ended April 25, 2020, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of April 25, 2020, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework), and our report dated June 24, 2020 expressed an unqualified opinion thereon.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of the critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the account or disclosure to which it relates.

Goodwill Impairment of the Animal Health Reporting Unit

Description of the Matter

As discussed in Notes 1 and 4 of the consolidated financial statements, goodwill is tested at least annually for impairment or when events or changes in circumstances indicate that the asset might be impaired. Goodwill is tested for impairment at the reporting unit level. The Company performed its annual goodwill impairment assessment over the Animal Health reporting unit as of January 26, 2020, the first day of its fourth quarter. Subsequent to the annual assessment date, the Company identified an indicator of impairment resulting from the impacts of the COVID-19 pandemic and performed an additional assessment as of March 21, 2020. As a result of both assessments, the Company concluded that the goodwill for Animal Health was fully impaired based on its estimate of fair value and recognized a goodwill impairment charge of \$675 million in the fourth quarter.

Auditing management's goodwill impairment tests for its Animal Health reporting unit was complex and highly judgmental due to the significant estimation required in determining the fair value of the reporting unit. The estimates of the fair value of the Animal Health reporting unit was sensitive to significant assumptions, such as the weighted average cost of capital, forecasted revenue and related revenue growth rate, operating margin and terminal growth rates, which are affected by expected future market or economic conditions.

How We Addressed the Matter in Our Audit

We obtained an understanding, evaluated the design and tested the operating effectiveness of controls over the Company's goodwill impairment testing process, including controls over management's budgeting and forecasting process used to develop the projected future revenue, earnings and cash flows used in the fair value estimates, as well as controls over management's review of the significant data and assumptions described above.

To test the estimated fair value of the Animal Health reporting unit, we performed audit procedures that included, among others, assessing the valuation methodologies used by management and testing the significant assumptions discussed above. For example, we compared the significant assumptions used by management to current industry, market and economic trends, as well as other relevant factors. We assessed the reasonableness of forecasted future revenue and operating margins by comparing the forecasts to historical results. We involved our valuation specialists to assist in our evaluation of the valuation models, methodologies and significant assumptions used by the Company, specifically the weighted average cost of capital. In addition, we tested the reconciliation of the fair value of the reporting units to the market capitalization of the Company.

/s/ Ernst & Young LLP

We have served as the Company's auditor since 1985.

Minneapolis, Minnesota
June 24, 2020

PATTERSON COMPANIES, INC.
CONSOLIDATED BALANCE SHEETS
(In thousands, except per share amounts)

	April 25, 2020	April 27, 2019
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 77,944	\$ 95,646
Receivables, net of allowance for doubtful accounts of \$5,123 and \$6,772	416,523	582,094
Inventory	812,194	761,018
Prepaid expenses and other current assets	236,104	165,605
Total current assets	1,542,765	1,604,363
Property and equipment, net	303,725	305,790
Operating lease right-of-use assets, net	79,021	—
Long-term receivables, net	214,915	113,081
Goodwill, net	138,724	816,226
Identifiable intangibles, net	313,505	351,153
Other non-current assets	122,695	78,656
Total assets	\$ 2,715,350	\$ 3,269,269
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 862,093	\$ 648,418
Accrued payroll expense	68,385	73,665
Other accrued liabilities	113,714	129,654
Operating lease liabilities	30,706	—
Current maturities of long-term debt	—	23,975
Total current liabilities	1,074,898	875,712
Long-term debt	587,766	725,341
Non-current operating lease liabilities	49,854	—
Deferred income taxes	134,547	163,488
Other non-current liabilities	31,841	24,221
Total liabilities	1,878,906	1,788,762
Stockholders' equity:		
Common stock, \$0.01 par value: 600,000 shares authorized; 95,947 and 95,272 shares issued and outstanding	959	953
Additional paid-in capital	146,606	131,460
Accumulated other comprehensive loss	(97,039)	(88,269)
Retained earnings	799,652	1,483,496
Unearned ESOP shares	(16,061)	(50,381)
Total Patterson Companies, Inc. stockholders' equity	834,117	1,477,259
Noncontrolling interests	2,327	3,248
Total stockholders' equity	836,444	1,480,507
Total liabilities and stockholders' equity	\$ 2,715,350	\$ 3,269,269

See accompanying notes

PATTERSON COMPANIES, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
AND OTHER COMPREHENSIVE (LOSS) INCOME
(In thousands, except per share amounts)

	Fiscal Year Ended		
	April 25, 2020	April 27, 2019	April 28, 2018
Net sales	\$ 5,490,011	\$ 5,574,523	\$ 5,465,683
Cost of sales	4,292,601	4,383,748	4,266,317
Gross profit	1,197,410	1,190,775	1,199,366
Operating expenses	1,094,474	1,053,059	979,477
Goodwill impairment	675,055	—	—
Operating (loss) income	(572,119)	137,716	219,889
Other (expense) income:			
Other income, net	23,499	8,178	6,117
Interest expense	(41,787)	(39,666)	(46,743)
(Loss) income before taxes	(590,407)	106,228	179,263
Income tax (benefit) expense	(1,040)	23,352	(21,711)
Net (loss) income	(589,367)	82,876	200,974
Net loss attributable to noncontrolling interests	(921)	(752)	—
Net (loss) income attributable to Patterson Companies, Inc.	\$ (588,446)	\$ 83,628	\$ 200,974
(Loss) earnings per share attributable to Patterson Companies, Inc.:			
Basic	\$ (6.25)	\$ 0.90	\$ 2.17
Diluted	\$ (6.25)	\$ 0.89	\$ 2.16
Weighted average shares:			
Basic	94,154	92,755	92,467
Diluted	94,154	93,484	93,094
Dividends declared per common share	\$ 1.04	\$ 1.04	\$ 1.04
Comprehensive (loss) income			
Net (loss) income	\$ (589,367)	\$ 82,876	\$ 200,974
Foreign currency translation (loss) gain	(14,062)	(15,583)	15,824
Cash flow hedges, net of tax	7,999	2,288	1,871
Comprehensive (loss) income	\$ (595,430)	\$ 69,581	\$ 218,669

See accompanying notes

PATTERSON COMPANIES, INC.
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
(In thousands)

	Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Loss	Retained Earnings	Unearned ESOP Shares	Non- controlling interests	Total
	Number	Amount						
Balance at April 29, 2017	96,534	\$ 966	\$ 72,973	\$ (92,669)	\$ 1,481,234	\$ (68,071)	\$ —	\$ 1,394,433
Foreign currency translation	—	—	—	15,824	—	—	—	15,824
Cash flow hedges	—	—	—	1,871	—	—	—	1,871
Net income	—	—	—	—	200,974	—	—	200,974
Dividends declared	—	—	—	—	(96,964)	—	—	(96,964)
Common stock issued and related tax benefits	369	4	12,403	—	—	—	—	12,407
Repurchases of common stock	(2,147)	(22)	—	—	(87,478)	—	—	(87,500)
Stock based compensation	—	—	18,400	—	—	—	—	18,400
ESOP activity	—	—	—	—	—	2,345	—	2,345
Balance at April 28, 2018	94,756	948	103,776	(74,974)	1,497,766	(65,726)	—	1,461,790
Foreign currency translation	—	—	—	(15,583)	—	—	—	(15,583)
Cash flow hedges	—	—	—	2,288	—	—	—	2,288
Net income	—	—	—	—	83,628	—	(752)	82,876
Dividends declared	—	—	—	—	(97,898)	—	—	(97,898)
Common stock issued and related tax benefits	516	5	7,999	—	—	—	—	8,004
Stock based compensation	—	—	19,685	—	—	—	—	19,685
ESOP activity	—	—	—	—	—	15,345	—	15,345
Increase from asset acquisition	—	—	—	—	—	—	4,000	4,000
Balance at April 27, 2019	95,272	953	131,460	(88,269)	1,483,496	(50,381)	3,248	1,480,507
Foreign currency translation	—	—	—	(14,062)	—	—	—	(14,062)
Cash flow hedges	—	—	—	7,999	—	—	—	7,999
Net loss	—	—	—	—	(588,446)	—	(921)	(589,367)
Dividends declared	—	—	—	—	(99,552)	—	—	(99,552)
Common stock issued and related tax benefits	675	6	(7,790)	—	—	—	—	(7,784)
Stock based compensation	—	—	22,936	—	—	—	—	22,936
ESOP activity	—	—	—	—	—	34,320	—	34,320
Adoption of ASU 2016-02	—	—	—	—	1,447	—	—	1,447
Adoption of ASU 2018-02	—	—	—	(2,707)	2,707	—	—	—
Balance at April 25, 2020	95,947	\$ 959	\$ 146,606	\$ (97,039)	\$ 799,652	\$ (16,061)	\$ 2,327	\$ 836,444

See accompanying notes

PATTERSON COMPANIES, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

	Fiscal Year Ended		
	April 25, 2020	April 27, 2019	April 28, 2018
Operating activities:			
Net (loss) income	\$ (589,367)	\$ 82,876	\$ 200,974
Adjustments to reconcile net (loss) income to net cash (used in) provided by operating activities:			
Depreciation	44,981	44,371	45,115
Amortization	37,201	38,402	38,701
Investment gain	(34,334)	—	—
Goodwill impairment	675,055	—	—
Bad debt expense	2,008	7,333	6,280
Non-cash employee compensation	37,354	33,425	36,532
Accelerated amortization of debt issuance costs on early retirement of debt	8,984	—	—
Deferred income taxes	(31,800)	10,762	(41,058)
Deferred consideration in securitized receivables	(540,944)	(402,367)	(49,650)
Change in assets and liabilities, net of acquired:			
Receivables	156,519	227,907	60,211
Inventory	(59,258)	11,547	(60,475)
Accounts payable	219,613	44,189	(12,103)
Accrued liabilities	25,474	512	(24,726)
Long term receivables	(102,707)	21,611	(33,795)
Other changes from operating activities, net	(92,323)	(72,410)	12,889
Net cash (used in) provided by operating activities	(243,544)	48,158	178,895
Investing activities:			
Additions to property and equipment	(41,809)	(60,734)	(43,263)
Collection of deferred purchase price receivables	540,944	402,367	49,650
Other investing activities	—	(906)	10,600
Net cash provided by investing activities	499,135	340,727	16,987
Financing activities:			
Dividends paid	(100,442)	(99,468)	(99,199)
Repurchases of common stock	—	—	(87,500)
Proceeds from issuance of long-term debt	300,000	—	150,000
Debt issuance costs	(3,300)	—	—
Payments on long-term debt	(460,840)	(249,542)	(164,754)
Payments on revolving credit	—	(16,000)	(43,000)
Other financing activities	(6,647)	9,764	14,291
Net cash used in financing activities	(271,229)	(355,246)	(230,162)
Effect of exchange rate changes on cash	(2,064)	(977)	2,305
Net change in cash and cash equivalents	(17,702)	32,662	(31,975)
Cash and cash equivalents at beginning of period	95,646	62,984	94,959
Cash and cash equivalents at end of period	\$ 77,944	\$ 95,646	\$ 62,984
Supplemental disclosures:			
Income taxes paid	\$ 12,021	\$ 17,530	\$ 19,611
Interest paid	25,742	31,045	36,504

See accompanying notes

PATTERSON COMPANIES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

April 25, 2020

(Dollars, except per share amounts, and shares in thousands)

1. Summary of Significant Accounting Policies

Description of Business

Patterson Companies, Inc. (referred to herein as "Patterson" or in the first person notations "we," "our," and "us") is a value-added specialty distributor serving the U.S. and Canadian dental supply and the U.S., Canadian and U.K. animal health supply markets. Patterson has three reportable segments: Dental, Animal Health and Corporate.

Basis of Presentation

The consolidated financial statements include the assets and liabilities of PDC Funding Company, LLC ("PDC Funding"), PDC Funding Company II, LLC ("PDC Funding II"), PDC Funding Company III, LLC ("PDC Funding III") and PDC Funding Company IV, LLC ("PDC Funding IV"), which are our wholly owned subsidiaries and separate legal entities formed under Minnesota law. PDC Funding and PDC Funding II are fully consolidated special purpose entities established to sell customer installment sale contracts to outside financial institutions in the normal course of their business. PDC Funding III and PDC Funding IV are fully consolidated special purpose entity established to sell certain receivables to unaffiliated financial institutions. The assets of PDC Funding, PDC Funding II, PDC Funding III and PDC Funding IV would be available first and foremost to satisfy the claims of its creditors. There are no known creditors of PDC Funding, PDC Funding II, PDC Funding III or PDC Funding IV. The consolidated financial statements also include the assets and liabilities of Technology Partner Innovations, LLC, which is further described in Note 12.

Fiscal Year End

We operate with a 52-53 week accounting convention with our fiscal year ending on the last Saturday in April. Fiscal 2020, 2019 and 2018 ended on April 25, 2020, April 27, 2019 and April 28, 2018, respectively, and all years consisted of 52 weeks. Fiscal 2021 will end on April 24, 2021 and will consist of 52 weeks.

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash equivalents consist primarily of investments in money market funds and government securities. The maturity of these securities at the time of purchase is 90 days or less. All cash and cash equivalents are classified as available-for-sale and carried at fair value, which approximates cost.

Inventory

Inventory consists of merchandise held for sale and is stated at the lower of cost or market. The cost of our inventory includes the amount we pay to our suppliers to acquire inventory and freight costs incurred in connection with the delivery of product to our distribution centers and our other locations. Cost is determined using the last-in, first-out ("LIFO") method for all inventories, except for foreign inventories, which are valued using the first-in, first-out ("FIFO") method. Inventories valued at LIFO represented 83% and 82% of total inventories at April 25, 2020 and April 27, 2019, respectively.

The accumulated LIFO reserve was \$99,726 at April 25, 2020 and \$91,342 at April 27, 2019. We believe that inventory replacement cost exceeds the inventory balance by an amount approximating the LIFO reserve.

Property and Equipment

Property and equipment are stated at cost. Depreciation is calculated on the straight-line method over estimated useful lives of up to 39 years for buildings or the expected remaining life of purchased buildings, the term of the lease for leasehold improvements, 3 to 10 years for computer hardware and software, and 5 to 10 years for furniture and equipment.

Goodwill and Other Indefinite-Lived Intangible Assets

Goodwill represents the excess of cost over the fair value of identifiable net assets of businesses acquired. Impairment testing for goodwill is done at the reporting unit level, with all goodwill assigned to a reporting unit. We have two reporting units as of April 25, 2020; Dental and Animal Health. Our Corporate reportable segment's assets and liabilities, and net sales and expenses, are allocated to the two reporting units. We assess goodwill for impairment annually and whenever an event occurs or circumstances change that would indicate that the carrying amount may be impaired. Any goodwill impairment is measured as the amount by which a reporting unit's carrying value exceeds its fair value, not to exceed the carrying value of goodwill.

The determination of fair value involves uncertainties because it requires management to make assumptions and to apply judgment to estimate industry and economic factors and the profitability of future business strategies. Patterson conducts impairment testing based on current business strategy in light of present industry and economic conditions, as well as future expectations. Additionally, in assessing goodwill for impairment, the reasonableness of the implied control premium is considered based on market capitalizations and recent market transactions.

Our indefinite-lived intangible asset is a trade name, which is assessed for impairment by comparing the carrying value of the asset with its fair value. If the carrying value exceeds fair value, an impairment loss is recognized in an amount equal to the excess. The determination of fair value involves assumptions, including projected revenues and gross profit levels, as well as consideration of any factors that may indicate potential impairment.

In connection with the preparation of these financial statements in the fourth quarter of fiscal 2020, management completed its annual goodwill and other indefinite-lived intangible asset impairment tests using the beginning of our fiscal 2020 fourth quarter as the valuation date. We determined that there was no impairment of our indefinite-lived intangible asset. Our annual goodwill impairment test resulted in no impairment to the Dental reporting unit's goodwill, and a \$269,000 non-cash pre-tax impairment charge of our Animal Health reporting unit's goodwill.

The decrease in the fair value of the Animal Health reporting unit below its carrying value was mainly the result of a reduction in management's estimates of future cash flows. Future cash flows were affected by a reduction in future sales volume and operating margins. The sales volume estimate is a reflection of recent sales trends we've experienced. Future operating margins are expected to be lower based on current trends in our markets. These trends are driven by customer and vendor consolidation.

Subsequent to the annual test being completed and in connection with the preparation of these financial statements, we experienced events and circumstances that indicated that the carrying amount of goodwill may be further impaired. These events and circumstances included a decline in our projected future earnings and a sustained decrease in our share price. As such, we tested our goodwill for impairment as of the beginning of our fiscal April 2020. This test resulted in no impairment to the Dental reporting unit's goodwill, and a \$406,055 non-cash pre-tax impairment charge of our Animal Health reporting unit's goodwill.

The decrease in the fair value of the Animal Health reporting unit subsequent to the annual goodwill impairment test was caused by additional reductions in management's estimates of future cash flows, driven by reduced sales volumes, as well as reduced EBITDA multiples of comparable companies. These estimates and market multiples were negatively affected by COVID-19. The animal health industry has experienced a reduction in sales volume as a result of stay at home and shelter in place orders, as well as a result of meat packing plant closures. Our future cash flow estimates for this business unit reflect the long-term impact of COVID-19.

As of April 25, 2020, our Animal Health reporting unit had no remaining goodwill as a result of the total goodwill impairment charges recorded in fiscal 2020 of \$675,055.

Long-Lived Assets

Long-lived assets, including definite-lived intangible assets, are evaluated for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable through the estimated undiscounted future cash flows derived from such assets. Our definite-lived intangible assets primarily consist of customer relationships, trade names and trademarks. When impairment exists, the related assets are written down to fair value using level 3 inputs, as discussed further in Note 9.

Financial Instruments

We account for derivative financial instruments under the provisions of Accounting Standards Codification ("ASC") Topic 815, "Derivatives and Hedging." Our use of derivative financial instruments is generally limited to managing well-defined interest rate risks. We do not use financial instruments or derivatives for any trading purposes.

Revenue Recognition

Revenues are generated from the sale of consumable products, equipment and support, software and support, technical service parts and labor, and other sources. Revenues are recognized when or as performance obligations are satisfied. Performance obligations are satisfied when the customer obtains control of the goods or services.

Consumable, equipment, software and parts sales are recorded upon delivery, except in those circumstances where terms of the sale are FOB shipping point, in which case sales are recorded upon shipment. Technical service labor is recognized as it is provided. Revenue derived from equipment and software support is recognized ratably over the period in which the support is provided.

In addition to revenues generated from the distribution of consumable products under arrangements (buy/sell agreements) where the full market value of the product is recorded as revenue, we earn commissions for services provided under agency agreements. The agency agreement contrasts to a buy/sell agreement in that we do not have control over the transaction, as we do not have the primary responsibility of fulfilling the promise of the good or service and we do not bill or collect from the customer in an agency relationship. Commissions under agency agreements are recorded when the services are provided.

Estimates for returns, damaged goods, rebates, loyalty programs and other revenue allowances are made at the time the revenue is recognized based on the historical experience for such items. The receivables that result from the recognition of revenue are reported net of related allowances. We maintain a valuation allowance based upon the expected collectability of receivables held. Estimates are used to determine the valuation allowance and are based on several factors, including historical collection data, economic trends and credit worthiness of customers. Receivables are written off when we determine the amounts to be uncollectible, typically upon customer bankruptcy or non-response to continuous collection efforts. The portions of receivable amounts that are not expected to be collected during the next twelve months are classified as long-term.

Patterson has a relatively large, dispersed customer base and no single customer accounts for more than 10% of consolidated net sales. In addition, the equipment sold to customers under finance contracts generally serves as collateral for the contract and the customer provides a personal guarantee as well.

Net sales do not include sales tax as we are considered a pass-through conduit for collecting and remitting sales tax.

Contract Balances

Contract balances represent amounts presented in our consolidated balance sheets when either we have transferred goods or services to the customer or the customer has paid consideration to us under the contract. These contract balances include accounts receivable, contract assets and contract liabilities.

Contract asset balances as of April 25, 2020 and April 27, 2019 were \$1,586 and \$0, respectively. Our contract liabilities primarily relate to advance payments from customers, upfront payments for software and support provided over time, and options that provide a material right to customers, such as our customer loyalty programs. At April 25, 2020 and April 27, 2019, contract liabilities of \$21,205 and \$22,004 were reported in other accrued liabilities, respectively. During the fiscal year ended April 25, 2020, we recognized \$19,291 of the amount previously deferred at April 27, 2019.

Patterson Advantage Loyalty Program

The Dental segment provides a point-based awards program to qualifying customers involving the issuance of “Patterson Advantage dollars” which can be used toward equipment and technology purchases. Patterson Advantage dollars earned during a program year expire one year after the end of the program year. The cost and corresponding liability associated with the program are recognized as contra-revenue. As of April 25, 2020, we believe we have sufficient experience with the program to reasonably estimate the amount of Patterson Advantage dollars that will not be redeemed and thus have recorded a liability for 92.0% of the maximum potential amount that could be redeemed. We recognize the expected breakage amount as revenue in proportion to the pattern of rights exercised by the customer, and we recognize the estimated value of unused Patterson Advantage dollars as redemptions occur. Breakage recognized was immaterial to all periods presented.

Freight and Delivery Charges

Freight and delivery charges are included in cost of sales in the consolidated statements of operations and other comprehensive (loss) income.

Advertising

We expense all advertising and promotional costs as incurred, except for direct marketing expenses, which are expensed over the shorter of the life of the asset or one year. Total advertising and promotional expenses were \$5,793, \$8,356 and \$6,926 for fiscal 2020, 2019 and 2018, respectively. There were no deferred direct-marketing expenses included in the consolidated balance sheets as of April 25, 2020 and April 27, 2019.

Related Party Transactions

We have interests in a number of entities that are accounted for using the equity method. During fiscal 2020, 2019 and 2018 we made purchases of \$94,238, \$87,944 and \$84,175 from these entities, respectively. During fiscal 2020, 2019 and 2018, we recorded net sales of \$110,262, \$74,489 and \$19,743 to these entities, respectively.

Income Taxes

The liability method is used to account for income tax expense. Under this method, deferred tax assets and liabilities are determined based on differences between financial reporting and tax bases of assets and liabilities and are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse.

Valuation allowances are established for deferred tax assets if, after assessment of available positive and negative evidence, it is more likely than not that the deferred tax asset will not be fully realized.

Employee Stock Ownership Plan (“ESOP”)

Compensation expense related to our defined contribution ESOP is computed based on the shares allocated method.

Self-insurance

Patterson is self-insured for certain losses related to general liability, product liability, automobile, workers’ compensation and medical claims. We estimate our liabilities based upon an analysis of historical data and actuarial estimates. While current estimates are believed reasonable based on information currently available, actual results could differ and affect financial results due to changes in the amount or frequency of claims, medical cost inflation or other factors. Historically, actual results related to these types of claims have not varied significantly from estimated amounts.

Stock-based Compensation

We recognize stock-based compensation expense based on estimated grant date fair values. The grant date fair value of stock options and stock purchases made through our Employee Stock Purchase Plan and our Capital Accumulation Plan are estimated using the Black-Scholes option pricing valuation model. The grant date fair value of performance stock units that vest upon meeting certain market conditions is estimated using the Monte Carlo valuation model. These valuations require estimates to be made including expected stock price volatility which considers historical volatility trends, implied future volatility based on certain traded options and other factors. We

estimate the expected life of awards based on several factors, including types of participants, vesting schedules, contractual terms and various factors surrounding exercise behavior of different groups.

The grant date fair value of time-based restricted stock awards and restricted stock units is calculated based on the closing price of our common stock on the date of grant.

Compensation expense for all share-based payment awards is recognized over the requisite service period (or to the date a participant becomes eligible for retirement, if earlier) for awards that are expected to vest.

Other Income, Net

	Fiscal Year Ended		
	April 25, 2020	April 27, 2019	April 28, 2018
Gain on investment	\$ 34,334	\$ 4,477	\$ —
Loss on interest rate swap agreements	(18,712)	(2,903)	—
Other	7,877	6,604	6,117
Other income, net	\$ 23,499	\$ 8,178	\$ 6,117

Comprehensive (Loss) Income

Comprehensive (loss) income is computed as net (loss) income plus certain other items that are recorded directly to stockholders' equity. Significant items included in comprehensive (loss) income are foreign currency translation adjustments and the effective portion of cash flow hedges, net of tax. Foreign currency translation adjustments do not include a provision for income tax because earnings from foreign operations are considered to be indefinitely reinvested outside the U.S. The income tax expense related to cash flow hedge losses was \$2,460, \$620 and \$938 for fiscal 2020, 2019 and 2018, respectively.

(Loss) Earnings Per Share ("EPS")

The amount of basic EPS is computed by dividing net (loss) income attributable to Patterson Companies, Inc. by the weighted average number of outstanding common shares during the period. The amount of diluted EPS is computed by dividing net (loss) income by the weighted average number of outstanding common shares and common share equivalents, when dilutive, during the period.

The following table sets forth the denominator for the computation of basic and diluted EPS. There were no material adjustments to the numerator.

	Fiscal Year Ended		
	April 25, 2020	April 27, 2019	April 28, 2018
Denominator for basic EPS – weighted average shares	94,154	92,755	92,467
Effect of dilutive securities – stock options, restricted stock and stock purchase plans	—	729	627
Denominator for diluted EPS – weighted average shares	94,154	93,484	93,094

Potentially dilutive securities representing 2,517, 1,792 and 1,380 shares for fiscal 2020, 2019 and 2018, respectively, were excluded from the calculation of diluted EPS because their effects were anti-dilutive using the treasury stock method.

For the fiscal year ended April 25, 2020, 905 incremental shares related to dilutive securities were not included in the diluted EPS calculation because we reported a loss for this period. Shares related to dilutive securities have an anti-dilutive impact on EPS when a net loss is reported and therefore are not included in the calculation.

Recent Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2016-02, "Leases (Topic 842)," which requires lessees to recognize assets and liabilities on the balance sheet for the rights and obligations created by most leases, as well as requires additional qualitative and quantitative disclosures. We adopted the new guidance in the first quarter of fiscal 2020 on a modified retrospective

basis through a cumulative-effect adjustment to the beginning retained earnings in the period of adoption. We elected the transition package of practical expedients provided within the guidance, which eliminated the requirements to reassess lease identification, lease classification and initial direct costs for leases commenced before the effective date. We elected not to separate lease from non-lease components and to exclude short-term leases from our consolidated balance sheets.

The impact of adopting the new lease standard primarily relates to the recognition of a lease right-of-use ("ROU") asset and current and non-current lease liabilities on the consolidated balance sheets. ROU assets represent our right to use an underlying asset for the lease term and lease liabilities represent our obligation to make lease payments arising from the lease. Lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As we cannot readily determine the rate implicit in most of our leases, we use an incremental borrowing rate determined by country of lease origin based on the anticipated lease term as determined at commencement date in determining the present value of lease payments.

The new lease standard resulted in the recognition of lease ROU assets and liabilities of \$86,046 and \$88,333 as of April 28, 2019. In addition, \$1,447 of net deferred gains on sale-leaseback transactions that existed as of April 27, 2019 were derecognized from our consolidated balance sheet, with the offsetting impact being an adjustment to retained earnings as of April 28, 2019. The adoption of the guidance did not have a material impact on our consolidated statement of operations and other comprehensive (loss) income or consolidated statements of cash flows as of the adoption date. Under the transition method of adoption, comparative information was not restated, but will continue to be reported under the standards in effect for those periods.

In June 2016, the FASB issued ASU No. 2016-13, "Financial Instruments-Credit Losses (Topic 326)," which requires the measurement of all expected credit losses for financial assets held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. We will adopt the new guidance in the first quarter of fiscal 2021, but do not anticipate any material changes to our consolidated balance sheet or consolidated statement of operations and other comprehensive (loss) income.

In January 2017, the FASB issued ASU No. 2017-04, "Simplifying the Test for Goodwill Impairment (Topic 350)". Under the new standard, goodwill impairment is measured as the amount by which a reporting unit's carrying value exceeds its fair value, not to exceed the carrying value of goodwill. This ASU eliminates existing guidance that requires an entity to determine goodwill impairment by calculating the implied fair value of goodwill by hypothetically assigning the fair value of a reporting unit to all of its assets and liabilities as if that reporting unit had been acquired in a business combination. We were required to adopt this ASU in the first quarter of fiscal 2021, with early adoption permitted. We adopted this ASU in the fourth quarter of 2020 in conjunction with our annual goodwill impairment testing. See *Goodwill and Other Indefinite-Lived Intangible Assets* above for the results of our fiscal 2020 goodwill impairment testing results.

In February 2018, the FASB issued ASU No. 2018-02, "Income Statement-Reporting Comprehensive Income (Topic 220) Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income," which will allow a reclassification from accumulated other comprehensive income to retained earnings for the tax effects that are stranded in accumulated other comprehensive income as a result of tax reform. This standard also requires certain disclosures about stranded tax effects. We adopted ASU No. 2018-02 in the first quarter of fiscal 2020 and applied it in the period of adoption. As a result of the adoption, \$2,707 was reclassified from accumulated other comprehensive loss to retained earnings in the first quarter of fiscal 2020.

2. Cash and Cash Equivalents

Cash and cash equivalents consisted of the following:

	April 25, 2020	April 27, 2019
Cash on hand	\$ 74,553	\$ 76,117
Money market funds	3,391	19,529
Total	<u>\$ 77,944</u>	<u>\$ 95,646</u>

Cash on hand is generally in interest earning accounts. Included in cash and cash equivalents in the consolidated balance sheets are \$21,830 and \$34,016 as of April 25, 2020 and April 27, 2019, respectively, which represent cash collected from previously sold customer financing contracts that have not yet been settled. See Note 7 for additional information.

3. Receivables Securitization Program

In fiscal 2019 and fiscal 2020, we entered into Receivables Purchase Agreements (the “Receivables Purchase Agreements”) with MUFG Bank, Ltd. (“MUFG”) (f.k.a. The Bank of Tokyo-Mitsubishi UFJ, Ltd.). Under these agreements, MUFG acts as an agent to facilitate the sale of certain Patterson receivables (the “Receivables”) to certain unaffiliated financial institutions (the “Purchasers”). The sale of these receivables is accounted for as a sale of assets under the provisions of ASC 860, Transfers and Servicing. We utilize PDC Funding III and PDC Funding IV to facilitate the sale to fulfill requirements within the agreement.

Sales of Receivables occur daily and are settled with the Purchasers on a monthly basis. The proceeds from the sale of these Receivables comprise a combination of cash and a deferred purchase price (“DPP”) receivable. The DPP receivable is ultimately realized by Patterson following the collection of the underlying Receivables sold to the Purchasers. The amount available under the Receivables Purchase Agreement fluctuates over time based on the total amount of eligible Receivables generated during the normal course of business, with maximum availability of \$200,000 as of April 25, 2020, of which \$200,000 was utilized.

We have no retained interests in the transferred Receivables, other than our right to the DPP receivable and collection and administrative service fees. We consider the fees received adequate compensation for services rendered, and accordingly have recorded no servicing asset or liability. The DPP receivable is recorded at fair value within the consolidated balance sheets within prepaid expenses and other current assets. The DPP receivable was \$117,327 as of April 25, 2020 and \$57,238 as of April 27, 2019. The difference between the carrying amount of the Receivables and the sum of the cash and fair value of the DPP receivable received at time of transfer is recognized as a gain or loss on sale of the related Receivables. We recorded a loss on sale of Receivables within operating expenses in the consolidated statements of operations and other comprehensive (loss) income during fiscal 2020 and 2019 of \$7,242 and \$7,622, respectively.

4. Goodwill and Other Intangible Assets

The changes in the carrying value of goodwill for each of our reportable segments for the fiscal year ended April 25, 2020 are as follows:

	Balance at April 27, 2019	Impairment	Other Activity	Balance at April 25, 2020
Dental	\$ 139,160	\$ —	\$ (436)	\$ 138,724
Animal Health	677,066	(675,055)	(2,011)	—
Corporate	—	—	—	—
Total	\$ 816,226	\$ (675,055)	\$ (2,447)	\$ 138,724

See Note 1 for additional information regarding the impairment charges recorded in our Animal Health segment. Other activity in fiscal 2020 consists of the impact from foreign currency translation.

Balances of other intangible assets, excluding goodwill, were as follows:

	April 25, 2020			April 27, 2019		
	Gross	Accumulated Amortization	Net	Gross	Accumulated Amortization	Net
Unamortized - indefinite lived:						
Trade name	\$ 12,300	\$ —	\$ 12,300	\$ 12,300	\$ —	\$ 12,300
Amortized - definite lived:						
Customer relationships	352,469	135,745	216,724	353,639	113,812	239,827
Trade names and trademarks	132,841	72,681	60,160	133,202	61,435	71,767
Developed technology and other	70,518	46,197	24,321	70,469	43,210	27,259
Total amortized intangible assets	555,828	254,623	301,205	557,310	218,457	338,853
Total identifiable intangible assets	\$ 568,128	\$ 254,623	\$ 313,505	\$ 569,610	\$ 218,457	\$ 351,153

With respect to the amortized intangible assets, future amortization expense is expected to approximate \$37,138, \$36,832, \$36,457, \$35,501 and \$35,496 for fiscal 2021, 2022, 2023, 2024 and 2025, respectively. Actual amounts of amortization expense may differ from estimated amounts due to additional intangible asset acquisitions, changes

in foreign currency exchange rates, impairment of intangible assets, accelerated amortization of intangible assets and other events.

5. Property and Equipment

Property and equipment consisted of the following items:

	April 25, 2020	April 27, 2019
Land	\$ 11,919	\$ 11,969
Buildings	119,585	118,556
Leasehold improvements	29,427	28,359
Furniture and equipment	181,986	175,774
Computer hardware and software	226,114	218,893
Construction-in-progress ⁽¹⁾	89,604	75,860
Property and equipment, gross	658,635	629,411
Accumulated depreciation	(354,910)	(323,621)
Property and equipment, net	\$ 303,725	\$ 305,790

⁽¹⁾ Includes \$68,728 and \$57,006 of unamortized computer software development costs of software to be sold as of April 25, 2020 and April 27, 2019, respectively.

6. Debt

Our long-term debt consisted of the following:

	Interest Rate	Carrying Value	
		April 25, 2020	April 27, 2019
Senior notes due fiscal 2022 ⁽¹⁾	3.59 %	100,750	165,000
Senior notes due fiscal 2024 ⁽¹⁾	3.74 %	33,000	100,000
Senior notes due fiscal 2025 ⁽²⁾	3.48 %	117,500	250,000
Senior notes due fiscal 2028 ⁽³⁾	3.79 %	40,000	150,000
Term loan due fiscal 2022 ⁽⁴⁾	3.73 %	—	87,091
Term loan due fiscal 2023 ⁽⁵⁾	1.87 %	300,000	—
Less: Deferred debt issuance costs		(3,484)	(2,775)
Total debt		587,766	749,316
Less: Current maturities of long-term debt		—	(23,975)
Long-term debt		\$ 587,766	\$ 725,341

⁽¹⁾ Issued in December 2011.

⁽²⁾ Issued in March 2015.

⁽³⁾ Issued in March 2018.

⁽⁴⁾ Issued in June 2015, amended in January 2017.

⁽⁵⁾ Issued in December 2019. Interest rate is 1-month LIBOR plus 1.25% as of April 25, 2020.

Future principal payments due, based on stated contractual maturities for our long-term debt, are as follows as of April 25, 2020:

<u>Fiscal Year</u>	
2021	\$ —
2022	100,750
2023	300,000
2024	33,000
2025	117,500
Thereafter	40,000
Total	<u>\$ 591,250</u>

In fiscal 2017, we entered into an amended credit agreement ("Amended Credit Agreement"), consisting of a \$295,075 term loan and a \$750,000 revolving line of credit. In March 2019, we permanently reduced the capacity under the revolving line of credit to \$500,000. Interest on borrowings is variable and is determined as a base rate plus a spread. This spread, as well as a commitment fee on the unused portion of the facility, is based on our leverage ratio, as defined in the Amended Credit Agreement. During the quarter ended October 26, 2019, we repaid the remaining \$81,558 outstanding under the unsecured term loan. As of April 25, 2020, no amount was outstanding under the Amended Credit Agreement unsecured term loan or revolving line of credit. At April 27, 2019, \$87,091 was outstanding under the Amended Credit Agreement unsecured term loan at an interest rate of 3.73%, and no amount was outstanding under the Amended Credit Agreement revolving line of credit. The term loan and revolving line of credit mature no later than January 2022.

In May 2020, we requested draws on our Amended Credit Agreement revolving line of credit, resulting in a total of \$450,000 outstanding under the revolving credit facility, representing 90% of the full amount available. The Company elected to drawdown the revolving line of credit to increase its cash position and provide financial flexibility in light of current economic conditions and uncertainties arising in connection with the COVID-19 pandemic. The proceeds are being used for working capital and other general corporate purposes.

In December 2019, we entered into a senior unsecured term loan facility agreement (the "Term Facility Agreement"), consisting of a \$300,000 term loan. Interest on borrowings is variable and is determined as a base rate plus a spread. This spread is based on our leverage ratio, as defined in the Term Facility Agreement. The proceeds were used to repay certain existing indebtedness, pay fees and expenses incurred in connection with the Term Facility Agreement, and finance our ongoing working capital and other general corporate purposes. The Term Facility will mature no later than December 20, 2022. As of April 25, 2020, \$300,000 was outstanding under the Term Facility at an interest rate of 1.87%.

During the three months ended January 25, 2020, we repaid certain indebtedness totaling \$373,750. The changes to the senior notes due between fiscal 2022 and fiscal 2028 shown in the table above reflect the aggregate \$373,750 repaid. As a result, we recorded a pre-tax non-cash charge of \$8,984 during the three months ended January 25, 2020. This charge relates to the January 2014 forward interest rate swap agreement and accelerated amortization of debt issuance costs.

We are subject to various financial covenants under our debt agreements including the maintenance of leverage and interest coverage ratios. In the event of our default, any outstanding obligations may become due and payable immediately. We were in compliance with the covenants under our debt agreements as of April 25, 2020.

7. Customer Financing

As a convenience to our customers, we offer several different financing alternatives, including a third party program and a Patterson-sponsored program. For the third party program, we act as a facilitator between the customer and the third party financing entity with no on-going involvement in the financing transaction. Under the Patterson-sponsored program, equipment purchased by creditworthy customers may be financed up to a maximum of \$1,000. We generally sell our customers' financing contracts to outside financial institutions in the normal course of our business. These financing arrangements are accounted for as a sale of assets under the provisions of ASC 860, *Transfers and Servicing*. We currently have two arrangements under which we sell these contracts.

First, we operate under an agreement to sell a portion of our equipment finance contracts to commercial paper conduits with MUFG serving as the agent. We utilize PDC Funding to fulfill a requirement of participating in the

commercial paper conduit. We receive the proceeds of the contracts upon sale to MUFG. At least 9.5% of the proceeds are held by the conduit as security against eventual performance of the portfolio. This percentage can be greater and is based upon certain ratios defined in the agreement with MUFG. The capacity under the agreement with MUFG at April 25, 2020 was \$525,000.

Second, we maintain an agreement with Fifth Third Bank ("Fifth Third") whereby Fifth Third purchases customers' financing contracts. PDC Funding II sells its financing contracts to Fifth Third. We receive the proceeds of the contracts upon sale to Fifth Third. At least 11.0% of the proceeds are held by the conduit as security against eventual performance of the portfolio. This percentage can be greater and is based upon certain ratios defined in the agreement with Fifth Third. The capacity under the agreement with Fifth Third at April 25, 2020 was \$100,000.

We service the financing contracts under both arrangements, for which we are paid a servicing fee. The servicing fees we receive are considered adequate compensation for services rendered. Accordingly, no servicing asset or liability has been recorded.

The portion of the purchase price for the receivables held by the conduits is deemed a DPP receivable, which is paid to the applicable special purpose entity as payments on the customers' financing contracts are collected by Patterson from customers. The difference between the carrying amount of the receivables sold under these programs and the sum of the cash and fair value of the DPP receivable received at time of transfer is recognized as a gain on sale of the related receivables and recorded in net sales in the consolidated statements of operations and other comprehensive (loss) income. Expenses incurred related to customer financing activities are recorded in operating expenses in our consolidated statements of operations and other comprehensive (loss) income.

During fiscal 2020, 2019 and 2018, we sold \$357,616, \$279,204 and \$312,699 of contracts under these arrangements, respectively. In net sales in the consolidated statements of operations and other comprehensive (loss) income, we recorded a gain of \$43,919, \$16,883 and \$13,347 during fiscal 2020, 2019 and 2018, respectively, related to these contracts sold.

Included in cash and cash equivalents in the consolidated balance sheets are \$21,830 and \$34,016 as of April 25, 2020 and April 27, 2019, respectively, which represent cash collected from previously sold customer financing contracts that have not yet been settled. Included in current receivables in the consolidated balance sheets are \$21,391 and \$48,559 as of April 25, 2020 and April 27, 2019, respectively, of finance contracts we have not yet sold. A total of \$613,570 of finance contracts receivable sold under the arrangements was outstanding at April 25, 2020. The DPP receivable under the arrangements was \$228,019 and \$121,657 as of April 25, 2020 and April 27, 2019, respectively. Since the internal financing program began in 1994, bad debt write-offs have amounted to less than 1% of the loans originated.

The arrangements require us to maintain a minimum current ratio and maximum leverage ratio. We were in compliance with those covenants at April 25, 2020.

8. Derivative Financial Instruments

We are a party to certain offsetting and identical interest rate cap agreements entered into to fulfill certain covenants of the equipment finance contract sale agreements. The interest rate cap agreements also provide a credit enhancement feature for the financing contracts sold by PDC Funding and PDC Funding II to the commercial paper conduit.

The interest rate cap agreements are canceled and new agreements are entered into periodically to maintain consistency with the dollar maximum of the sale agreements and the maturity of the underlying financing contracts. As of April 25, 2020, PDC Funding had purchased an interest rate cap from a bank with a notional amount of \$525,000 and a maturity date of July 2027. We sold an identical interest rate cap to the same bank. As of April 25, 2020, PDC Funding II had purchased an interest rate cap from a bank with a notional amount of \$100,000 and a maturity date of November 2026. We sold an identical interest rate cap to the same bank.

These interest rate cap agreements do not qualify for hedge accounting treatment and, accordingly, we record the fair value of the agreements as an asset or liability and the change as income or expense during the period in which the change occurs.

In January 2014, we entered into a forward interest rate swap agreement with a notional amount of \$250,000 and accounted for it as a cash flow hedge, in order to hedge interest rate fluctuations in anticipation of refinancing the 5.17% senior notes due March 25, 2015. These notes were repaid on March 25, 2015 and replaced with new

\$250,000 3.48% senior notes due March 24, 2025. A cash payment of \$29,003 was made in March 2015 to settle the interest rate swap. This amount is recorded in other comprehensive (loss) income, net of tax, and is recognized as interest expense over the life of the related debt. In fiscal 2020, we repaid certain indebtedness, resulting in accelerating a portion of this interest expense and recording a pre-tax non-cash charge of \$8,134. See Note 6 for additional information.

We utilize forward interest rate swap agreements to hedge against interest rate fluctuations that impact the amount of net sales we record related to our customer financing contracts. These interest rate swap agreements do not qualify for hedge accounting treatment and, accordingly, we record the fair value of the agreements as an asset or liability and the change as income or expense during the period in which the change occurs.

As of April 27, 2019, the remaining notional amount for these interest rate swap agreements was \$553,719, with the latest maturity date in fiscal 2026. During fiscal 2020, we entered into forward interest rate swap agreements with a notional amount of \$317,749. As of April 25, 2020, the remaining notional amount for these interest rate swap agreements was \$634,029, with the latest maturity date in fiscal 2027.

Net cash payments of \$1,881 and \$89 were made in fiscal 2020 and 2019, respectively, to settle a portion of our liabilities related to these interest rate swap agreements. These payments are reflected as cash outflows in the consolidated statements of cash flows within net cash (used in) provided by operating activities.

The following presents the fair value of derivative instruments included in the consolidated balance sheets:

Derivative type	Classification	April 25, 2020	April 27, 2019
Assets:			
Interest rate contracts	Other non-current assets	\$ 204	\$ 380
Liabilities:			
Interest rate contracts	Other accrued liabilities	6,789	1,034
Interest rate contracts	Other non-current liabilities	13,060	2,160
Total liability derivatives		\$ 19,849	\$ 3,194

The following tables present the pre-tax effect of derivative instruments on the consolidated statements of operations and other comprehensive (loss) income:

Derivatives in cash flow hedging relationships	Income statement location	Amount of Gain (Loss) Reclassified from Accumulated Other Comprehensive Loss into Income (Effective Portion)		
		Fiscal Year Ended		
		April 25, 2020	April 27, 2019	April 28, 2018
Interest rate contracts	Interest expense	\$ (10,458)	\$ (2,908)	\$ (2,809)

Derivatives not designated as hedging instruments	Income statement location	Amount of Gain (Loss) Recognized in Income on Derivative		
		Fiscal Year Ended		
		4/25/2020	4/27/2019	4/28/2018
Interest rate contracts	Other income, net	\$ (18,712)	\$ (2,903)	\$ —

There were no gains or losses recognized in other comprehensive (loss) income on cash flow hedging derivatives in fiscal 2020, 2019 or 2018.

We recorded no ineffectiveness during fiscal 2020, 2019 or 2018. As of April 25, 2020, the estimated pre-tax portion of accumulated other comprehensive loss that is expected to be reclassified into earnings over the next twelve months is \$1,363, which will be recorded as an increase to interest expense.

9. Fair Value Measurements

Fair value is the price at which an asset could be exchanged in a current transaction between knowledgeable, willing parties. The fair value hierarchy of measurements is categorized into one of three levels based on the lowest level of significant input used:

- Level 1 –** Quoted prices in active markets for identical assets and liabilities at the measurement date.
- Level 2 –** Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.
- Level 3 –** Unobservable inputs for which there is little or no market data available. These inputs reflect management’s assumptions of what market participants would use in pricing the asset or liability.

Our hierarchy for assets and liabilities measured at fair value on a recurring basis is as follows:

	April 25, 2020			
	Total	Level 1	Level 2	Level 3
Assets:				
Cash equivalents	\$ 3,391	\$ 3,391	\$ —	\$ —
DPP receivable - receivables securitization program	117,327	—	—	117,327
DPP receivable - customer financing	228,019	—	—	228,019
Derivative instruments	204	—	204	—
Total assets	\$ 348,941	\$ 3,391	\$ 204	\$ 345,346
Liabilities:				
Derivative instruments	\$ 19,849	\$ —	\$ 19,849	\$ —

	April 27, 2019			
	Total	Level 1	Level 2	Level 3
Assets:				
Cash equivalents	\$ 19,529	\$ 19,529	\$ —	\$ —
DPP receivable - receivables securitization program	57,238	—	—	57,238
DPP receivable - customer financing	121,657	—	—	121,657
Derivative instruments	380	—	380	—
Total assets	\$ 198,804	\$ 19,529	\$ 380	\$ 178,895
Liabilities:				
Derivative instruments	\$ 3,194	\$ —	\$ 3,194	\$ —

Cash equivalents – We value cash equivalents at their current market rates. The carrying value of cash equivalents approximates fair value and maturities are less than three months.

DPP receivable - receivables securitization program – We value this DPP receivable based on a discounted cash flow analysis using unobservable inputs, which include the estimated timing of payments and the credit quality of the underlying creditor. Significant changes in any of the significant unobservable inputs in isolation would not result in a materially different fair value estimate. The interrelationship between these inputs is insignificant.

DPP receivable - customer financing – We value this DPP receivable based on a discounted cash flow analysis using unobservable inputs, which include a forward yield curve, the estimated timing of payments and the credit quality of the underlying creditor. Significant changes in any of the significant unobservable inputs in isolation would not result in a materially different fair value estimate. The interrelationship between these inputs is insignificant.

Derivative instruments –Our derivative instruments consist of interest rate cap agreements and interest rate swaps. These instruments are valued using inputs such as interest rates and credit spreads.

Certain assets are measured at fair value on a non-recurring basis. These assets are not measured at fair value on an ongoing basis, but are subject to fair value adjustments under certain circumstances. We adjust the carrying

value of our non-marketable equity securities to fair value when observable transactions of identical or similar securities occur, or due to an impairment.

During the fiscal year ended April 25, 2020, we recorded a pre-tax gain of \$34,334 related to one of our investments in other income, net in our consolidated statements of operations and other comprehensive (loss) income. This gain was based on the selling price of preferred stock in this investment that is similar to the preferred stock we own, and was adjusted for differences in liquidation preferences. As of April 25, 2020 and April 27, 2019, this investment had a carrying value of \$51,628 and \$17,294, respectively. There were no fair value adjustments to such assets during the fiscal years ended April 27, 2019 or April 28, 2018.

Our debt is not measured at fair value in the consolidated balance sheets. The estimated fair value of our debt as of April 25, 2020 and April 27, 2019 was \$601,856 and \$758,121, respectively, as compared to a carrying value of \$587,766 and \$749,316 at April 25, 2020 and April 27, 2019, respectively. The fair value of debt was measured using a discounted cash flow analysis based on expected market based yields (i.e., level 2 inputs).

The carrying amounts of receivables, net of allowances, accounts payable, and certain accrued and other current liabilities approximated fair value at April 25, 2020 and April 27, 2019.

10. Leases

We lease certain warehouses, office space, vehicles and equipment. Leases with an initial term of 12 months or less are not recorded on the consolidated balance sheets. We recognize lease expense for these leases on a straight-line basis over the lease term. We do not separate lease and non-lease components, and instead account for each lease and non-lease component associated with that lease as a single lease component. Some leases include one or more options to renew. The exercise of renewal options is at our sole discretion. Our lease agreements do not contain significant residual value guarantees, restrictions or covenants.

Total lease cost for the fiscal year ended April 25, 2020 was \$36,302 which includes variable lease costs and short-term lease costs, which are immaterial.

The following table presents future maturities of lease liabilities:

2021	\$	33,195
2022		26,062
2023		15,648
2024		7,181
2025		1,956
After 2025		877
Total lease payments		84,919
Less: imputed interest		(4,359)
Present value of lease liabilities	\$	80,560

The following tables present other supplemental information related to leases:

		Fiscal Year Ended April 25, 2020
Cash paid for amounts included in the measurement of operating lease liabilities	\$	37,934
Lease assets obtained in exchange for new operating lease liabilities	\$	28,321
		April 25, 2020
Weighted-average remaining lease term - operating leases		3.11 years
Weighted-average discount rate - operating leases		3.58 %

11. Income Taxes

The components of (loss) income before taxes were as follows:

	Fiscal Year Ended		
	April 25, 2020	April 27, 2019	April 28, 2018
(Loss) income before taxes			
United States	\$ (594,431)	\$ 76,035	\$ 144,278
International	4,024	30,193	34,985
Total	\$ (590,407)	\$ 106,228	\$ 179,263

Significant components of income tax (benefit) expense were as follows:

	Fiscal Year Ended		
	April 25, 2020	April 27, 2019	April 28, 2018
Current:			
Federal	\$ 18,300	\$ (19)	\$ 5,876
Foreign	7,501	9,207	11,228
State	4,959	3,402	2,243
Total current expense	30,760	12,590	19,347
Deferred:			
Federal	(25,918)	9,709	(45,177)
Foreign	164	(53)	(743)
State	(6,046)	1,106	4,862
Total deferred (benefit) expense	(31,800)	10,762	(41,058)
Income tax (benefit) expense	\$ (1,040)	\$ 23,352	\$ (21,711)

U.S. Tax Reform

On December 22, 2017, the Tax Cuts and Jobs Act (the "Tax Act") was enacted into law. The Tax Act significantly revises the future ongoing U.S. federal corporate income tax by, among other things, lowering the U.S. federal corporate tax rate, implementing a territorial tax system, imposing a one-time transition tax on earnings of certain foreign subsidiaries that were previously tax deferred, and creates new taxes on foreign sourced earnings. Effective January 1, 2018, the Tax Act reduced the U.S. federal corporate tax rate from 35.0% to 21.0%. For the fiscal years ended April 25, 2020 and April 27, 2019, we utilized a 21.0% U.S. federal statutory rate. For the fiscal year ended April 28, 2018, we utilized a blended rate of approximately 30.5%.

Effective for the fiscal year ended April 27, 2019, the Tax Act subjects Patterson to tax on global intangible low-taxed income ("GILTI"). We have made an accounting policy election to treat the impacts of GILTI as a period cost in the period incurred.

For the fiscal year ended April 28, 2018, these impacts resulted in a provisional discrete net tax benefit of \$76,648, which included provisional amounts of \$81,871 of tax benefit on U.S. deferred tax assets and liabilities, \$4,006 of tax expense for a one-time transition tax on unremitted foreign earnings and \$1,217 in withholding tax paid on current year distributions. During the fiscal year ended April 27, 2019, we completed our accounting for the previously recorded provisional impacts of the Tax Act and recorded additional remeasurement benefit of \$2,355 on U.S. deferred tax assets and liabilities and a reduction to the transition tax cost of \$331.

While we have completed our accounting for the impacts of the Tax Act, changes in interpretation of the Tax Act, analysis of proposed and final regulations as they are issued, current and additional guidance from the Internal Revenue Service and/or state legislative actions as well as potential changes in accounting standards surrounding income taxes and the Tax Act may result in further, potentially material, changes to these completed computations.

On March 27, 2020, the "Coronavirus Aid, Relief and Economic Security (CARES) Act" was signed into law. The CARES Act, among other things, includes provisions relating to refundable payroll tax credits, deferral of employer side social security payments, net operating loss carryback periods, alternative minimum tax credit

refunds, modifications to the net interest deduction limitations and technical corrections to tax depreciation methods for qualified improvement property. These benefits did not materially impact the Company's effective tax rate for the fiscal year ended April 25, 2020. We are continuing to evaluate these tax related provisions as additional guidance from the Internal Revenue Service and/or state tax authorities becomes available.

Deferred tax assets and liabilities are included in other non-current assets and deferred income taxes on the consolidated balance sheets. Significant components of our deferred tax assets (liabilities) were as follows:

	April 25, 2020	April 27, 2019
Deferred tax assets:		
Capital accumulation plan	\$ 2,541	\$ 3,988
Inventory related items	10,354	4,887
Bad debt allowance	1,857	1,888
Stock based compensation expense	7,486	6,918
Interest rate swap	1,580	4,041
Foreign tax credit	7,248	7,358
Lease liability	16,572	—
Other	2,945	5,053
Gross deferred tax assets	50,583	34,133
Less: Valuation allowance	(14,886)	(11,237)
Total net deferred tax assets	35,697	22,896
Deferred tax liabilities		
LIFO reserve	(32,630)	(24,098)
Amortizable intangibles	(69,254)	(77,126)
Goodwill	(11,848)	(43,903)
Property, plant, equipment	(39,999)	(40,793)
Lease right-of-use asset	(16,195)	—
Total deferred tax liabilities	(169,926)	(185,920)
Deferred net long-term income tax liability	\$ (134,229)	\$ (163,024)

At April 25, 2020, we had a U.S. foreign tax credit asset that will expire in six years. In addition, we have deferred tax assets which would give rise to tax capital losses if triggered in the future. These losses can only be used against capital gain income. At this time, we believe that it is more likely than not that the foreign tax credit and potential capital loss carryforward attributes totaling \$14,886 will not be fully utilized prior to expiration. As a result, a full valuation allowance has been established against these assets.

With regard to unremitted earnings of foreign subsidiaries generated after December 31, 2017, we do not currently provide for U.S. taxes since we intend to reinvest such undistributed earnings indefinitely outside of the United States. We continue to apply ASC 740 based on the provisions of the tax law that were in effect immediately prior to the enactment of the new law.

Income tax (benefit) expense varies from the amount computed using the U.S. statutory rate. The reasons for this difference and the related tax effects are shown below.

	Fiscal Year Ended		
	April 25, 2020	April 27, 2019	April 28, 2018
Tax at U.S. statutory rate	\$ (123,987)	\$ 22,306	\$ 54,674
State tax provision, net of federal benefit	(466)	3,492	4,650
Effect of foreign taxes	7,277	2,728	(186)
Goodwill impairment	107,999	—	—
Legal settlement	11,088	—	—
ESOP	(2,393)	(2,465)	(4,036)
Other permanent differences	1,533	1,074	(728)
Tax reform	—	(2,686)	(76,648)
Other	(2,091)	(1,097)	563
Income tax (benefit) expense	\$ (1,040)	\$ 23,352	\$ (21,711)

We have accounted for the uncertainty in income taxes recognized in the financial statements in accordance with ASC Topic 740, "Income Taxes". This standard clarifies the separate identification and reporting of estimated amounts that could be assessed upon audit. The potential assessments are considered unrecognized tax benefits, because, if it is ultimately determined they are unnecessary, the reversal of these previously recorded amounts will result in a beneficial impact to our financial statements.

As of April 25, 2020 and April 27, 2019, Patterson's gross unrecognized tax benefits were \$11,740 and \$13,035, respectively. If determined to be unnecessary, these amounts (net of deferred tax assets of \$2,113 and \$2,225, respectively, related to the tax deductibility of the gross liabilities) would decrease our effective tax rate. The gross unrecognized tax benefits are included in other non-current liabilities on the consolidated balance sheets.

A summary of the changes in the gross amounts of unrecognized tax benefits is shown below.

	April 25, 2020	April 27, 2019
Balance at beginning of period	\$ 13,035	\$ 14,227
Additions for tax positions related to the current year	1,182	972
Additions for tax positions of prior years	218	50
Reductions for tax positions of prior years	(37)	(228)
Statute expirations	(2,289)	(1,984)
Settlements	(369)	(2)
Balance at end of period	\$ 11,740	\$ 13,035

We also recognize both interest and penalties with respect to unrecognized tax benefits as a component of income tax expense. As of April 25, 2020 and April 27, 2019, we had recorded \$1,968 and \$1,926, respectively, for interest and penalties. These amounts are also included in other non-current liabilities on the consolidated balance sheets. These amounts, net of related deferred tax assets, if determined to be unnecessary, would decrease our effective tax rate. During the year ended April 25, 2020, we recorded as part of tax expense \$394 related to an increase in our estimated liability for interest and penalties.

Patterson files income tax returns, including returns for our subsidiaries, with federal, state, local and foreign jurisdictions. During fiscal 2018, the Internal Revenue Service ("IRS") concluded an audit of fiscal years ended April 25, 2015 and April 30, 2016. The IRS has either examined or waived examination for all periods up to and including our fiscal year ended April 30, 2016, resulting in these periods being closed. In addition to the IRS, periodically, state, local and foreign income tax returns are examined by various taxing authorities. We do not believe that the outcome of these various examinations will have a material adverse impact on our financial statements.

12. Technology Partner Innovations, LLC ("TPI")

In fiscal 2019, we entered into an agreement with Cure Partners to form TPI, which offers a cloud-based practice management software, NaVetor, to its customers. Patterson and Cure Partners each contributed net assets of

\$4,000 to form TPI. We determined that TPI is a variable interest entity, and we consolidate the results of operations of TPI as we have concluded that we are the primary beneficiary of TPI. During fiscal 2020 and 2019, net loss attributable to the noncontrolling interest was \$921 and \$752, respectively, resulting in noncontrolling interests of \$2,327 on the consolidated balance sheets at April 25, 2020.

13. Segment and Geographic Data

We present three reportable segments: Dental, Animal Health and Corporate. Dental and Animal Health are strategic business units that offer similar products and services to different customer bases. Dental provides a virtually complete range of consumable dental products, equipment and software, turnkey digital solutions and value-added services to dentists, dental laboratories, institutions, and other healthcare professionals throughout North America. Animal Health is a leading, full-line distributor in North America and the U.K. of animal health products, services and technologies to both the production-animal and companion-pet markets. Our Corporate segment is comprised of general and administrative expenses, including home office support costs in areas such as information technology, finance, legal, human resources and facilities. In addition, customer financing and other miscellaneous sales are reported within Corporate results. Corporate assets consist primarily of cash and cash equivalents, accounts receivable, property and equipment and long-term receivables. We evaluate segment performance based on operating (loss) income. The costs to operate the fulfillment centers are allocated to the business units based on the through-put of the unit.

The following tables present information about our reportable segments and the geographic areas in which we operate:

	Fiscal Year Ended		
	April 25, 2020	April 27, 2019	April 28, 2018
Consolidated net sales			
United States	\$ 4,554,345	\$ 4,638,184	\$ 4,537,326
United Kingdom	608,320	597,953	583,057
Canada	327,346	338,386	345,300
Total	\$ 5,490,011	\$ 5,574,523	\$ 5,465,683
Dental net sales			
United States	\$ 1,900,539	\$ 1,989,875	\$ 1,985,398
Canada	201,383	201,915	210,680
Total	\$ 2,101,922	\$ 2,191,790	\$ 2,196,078
Animal Health net sales			
United States	\$ 2,601,970	\$ 2,620,104	\$ 2,524,887
United Kingdom	608,320	597,953	583,057
Canada	125,963	136,471	134,620
Total	\$ 3,336,253	\$ 3,354,528	\$ 3,242,564
Corporate net sales			
United States	\$ 51,836	\$ 28,205	\$ 27,041
Total	\$ 51,836	\$ 28,205	\$ 27,041

	Fiscal Year Ended		
	April 25, 2020	April 27, 2019	April 28, 2018
Consolidated net sales			
Consumable	\$ 4,378,018	\$ 4,482,016	\$ 4,415,643
Equipment and software	736,702	753,805	709,253
Value-added services and other	375,291	338,702	340,787
Total	\$ 5,490,011	\$ 5,574,523	\$ 5,465,683
Dental net sales			
Consumable	\$ 1,136,083	\$ 1,214,814	\$ 1,251,642
Equipment and software	677,548	694,864	660,355
Value-added services and other	288,291	282,112	284,081
Total	\$ 2,101,922	\$ 2,191,790	\$ 2,196,078
Animal Health net sales			
Consumable	\$ 3,241,935	\$ 3,267,202	\$ 3,164,001
Equipment and software	59,154	58,941	48,898
Value-added services and other	35,164	28,385	29,665
Total	\$ 3,336,253	\$ 3,354,528	\$ 3,242,564
Corporate net sales			
Value-added services and other	\$ 51,836	\$ 28,205	\$ 27,041
Total	\$ 51,836	\$ 28,205	\$ 27,041
	Fiscal Year Ended		
	April 25, 2020	April 27, 2019	April 28, 2018
Operating (loss) income			
Dental	\$ 168,304	\$ 179,236	\$ 229,201
Animal Health	(594,743)	81,472	78,058
Corporate	(145,680)	(122,992)	(87,370)
Consolidated operating (loss) income	\$ (572,119)	\$ 137,716	\$ 219,889
Depreciation and amortization			
Dental	\$ 8,434	\$ 8,792	\$ 7,435
Animal Health	49,958	49,362	50,892
Corporate	23,790	24,619	25,489
Consolidated depreciation and amortization	\$ 82,182	\$ 82,773	\$ 83,816

	April 25, 2020	April 27, 2019
Property and equipment, net		
United States	\$ 294,169	\$ 295,381
United Kingdom	2,030	1,976
Canada	7,526	8,433
Total property and equipment, net	<u>\$ 303,725</u>	<u>\$ 305,790</u>
	April 25, 2020	April 27, 2019
Total assets		
Dental	\$ 704,216	\$ 641,721
Animal Health	1,485,284	2,156,723
Corporate	525,850	470,825
Total assets	<u>\$ 2,715,350</u>	<u>\$ 3,269,269</u>

14. Stockholders' Equity

Dividends

The following table presents our declared and paid cash dividends per share on our common stock for the past three years. Dividends were declared and paid in the same period.

Fiscal year	Quarter			
	1	2	3	4
2020	\$ 0.26	\$ 0.26	\$ 0.26	\$ 0.26
2019	0.26	0.26	0.26	0.26
2018	0.26	0.26	0.26	0.26

Share Repurchases

During fiscal 2020 and 2019, we had no repurchases of shares of our common stock. During fiscal 2018, we repurchased and retired 2,147 shares of our common stock for \$87,500, or an average of \$40.75 per share.

On March 13, 2018, the Board of Directors authorized a \$500,000 share repurchase program through March 13, 2021. As of April 25, 2020, \$500,000 remains available under the current repurchase authorization.

ESOP

During 1990, Patterson's Board of Directors adopted a leveraged ESOP. In fiscal 1991, under the provisions of the plan and related financing arrangements, Patterson loaned the ESOP \$22,000 (the "1990 note") for the purpose of acquiring its then outstanding preferred stock, which was subsequently converted to common stock. The Board of Directors determines the contribution from the Company to the ESOP annually. The contribution is used to retire a portion of the debt, which triggers a release of shares that are then allocated to the employee participants. Shares of stock acquired by the plan are allocated to each participant who has completed 1000 hours of service during the plan year. In fiscal 2011, the final payment on the 1990 note was made and all remaining shares were released for allocation to participants.

In fiscal 2002, Patterson's ESOP and an ESOP sponsored by the Thompson Dental Company ("Thompson") were used to facilitate the acquisition and merger of Thompson into Patterson. The net result of this transaction was an additional loan of \$12,612 being made to the ESOP and the ESOP acquiring 666 shares of common stock. The loan bears interest at current rates but principal did not begin to amortize until fiscal 2012. Beginning in fiscal 2012 and through fiscal 2020, an annual payment of \$200 plus interest is due. In fiscal 2021, a final payment of any outstanding principal and interest balance is due. Prepayments of principal can be made at any time without penalty. Of the 666 shares issued in the transaction, 98 were previously allocated to Thompson employees. The remaining 568 shares began to be allocated in fiscal 2004 as interest was paid on the loan.

In September 2006, we entered into a third loan agreement with the ESOP and loaned \$105,000 (the "2006 note") for the sole purpose of enabling the ESOP to purchase shares of our common stock. The ESOP purchased 3,160 shares with the proceeds from the 2006 note. Interest on the unpaid principal balance accrues at a rate equal to six-month LIBOR, with the rate resetting semi-annually. Interest payments were not required during the period from and including September 11, 2006 through April 30, 2010. On April 30, 2010, accrued and unpaid interest was added to the outstanding principal balance under the note, with interest thereafter accruing on the increased principal amount. Unpaid interest accruing after April 30, 2010 is due and payable on each successive April 30 occurring through September 10, 2026. Principal payments aren't due until September 10, 2026; however, prepayments can be made without penalty. In fiscal 2012, Patterson contributed \$20,214 to the ESOP, which then purchased 844 shares for allocation to the participants. No shares secured by the 2006 note were released prior to fiscal 2011.

At April 25, 2020, a total of 9,592 shares of common stock that have been allocated to participants remained in the ESOP and had a fair market value of \$175,347. Related to the shares from the Thompson transaction, committed-to-be-released shares were 15 and suspense shares were 379. Finally, with respect to the 2006 note, committed-to-be-released shares were 467 and suspense shares were 230.

Unearned ESOP shares are not considered outstanding for the computation of earnings per share until the shares are committed for release to the participants. During fiscal 2020, 2019 and 2018, the compensation expense recognized related to the ESOP was \$14,419, \$13,740 and \$18,132, respectively.

We anticipate the allocation of the remaining suspense, or unearned, shares to occur in fiscal 2021. As of April 25, 2020, the fair value of all unearned shares held by the ESOP was \$9,319. We will recognize an income tax deduction as the unearned ESOP shares are released. Such deductions will be limited to the ESOP's original cost to acquire the shares.

Dividends on allocated shares are passed through to the ESOP participants. Dividends on unallocated shares are used by the ESOP to make debt service payments on the notes due to Patterson.

15. Stock-based Compensation

The consolidated statements of operations and other comprehensive (loss) income for fiscal 2020, 2019 and 2018 include pre-tax (after-tax) stock-based compensation expense of \$22,935 (\$17,789), \$19,685 (\$15,588) and \$18,400 (\$13,037), respectively. Pre-tax expense is included in operating expenses within the consolidated statements of operations and other comprehensive (loss) income.

As of April 25, 2020, the total unrecognized compensation cost related to non-vested awards was \$24,461, and it is expected to be recognized over a weighted average period of approximately 1.5 years.

2015 Omnibus Incentive Plan

In September 2015, our shareholders approved the 2015 Omnibus Incentive Plan ("Incentive Plan"), which was amended and restated in September 2018. The aggregate number of shares of common stock that may be issued is 11,500. The Incentive Plan authorizes various award types to be issued under the plan, including stock options, restricted stock awards, restricted stock units, stock appreciation rights, performance awards, non-employee director awards, cash-based awards and other stock-based awards. We issue new shares for stock option exercises, restricted stock award grants and also for vesting of restricted stock units and performance stock units. Awards that expire or are canceled without delivery of shares generally become available for reissuance under the plan.

At April 25, 2020, there were 5,322 shares available for awards under the Incentive Plan.

As a result of the approval of the Incentive Plan, awards are no longer granted under any prior equity incentive plan, but all outstanding awards previously granted under such prior plans will remain outstanding and subject to the terms of such prior plans. At April 25, 2020, there were 447 shares outstanding under prior plans.

Inducement Awards

On June 29, 2018, we issued a combination of non-statutory stock options and restricted stock units outside our Incentive Plan to our Chief Financial Officer. The stock option covers 99 shares of our common stock, has an exercise price of \$22.67 per share, and has a 10-year term. Such award will vest, assuming continued employment, to the extent of one-third of the award on the first anniversary of the date of grant, one-third of the award on the

second anniversary of the date of grant, and the remaining one-third of the award on the third anniversary of the date of grant. The restricted stock unit award covers 31 shares of our common stock. Such award will vest, assuming continued employment, to the extent of 50% of the award on the first anniversary of the date of grant and the remaining 50% of the award on the second anniversary of the date of grant.

On December 1, 2017, we issued a restricted stock unit award outside our Incentive Plan to our Chief Executive Officer. The award covers 56 shares of common stock and will vest, assuming continued employment, to the extent of 50% of the award on the first anniversary of the date of grant and the remaining 50% of the award on the second anniversary of the date of grant.

Stock Option Awards

Stock options granted to employees expire no later than ten years after the date of grant. Awards typically vest over three or five years.

The fair value of stock options granted was estimated as of the grant date using a Black-Scholes option-pricing model with the following assumptions:

	Fiscal Year Ended		
	April 25, 2020	April 27, 2019	April 28, 2018
Expected dividend yield	4.7 %	4.5 %	2.2 %
Expected stock price volatility	26.8 %	24.6 %	21.6 %
Risk-free interest rate	1.8 %	2.9 %	1.9 %
Expected life (years)	6.0	6.2	6.6
Weighted average grant date fair value per share	\$ 3.37	\$ 3.66	\$ 8.18

The following is a summary of stock option activity:

	Number of Options	Weighted-Average Exercise Price	Aggregate Intrinsic Value
Balance as of April 27, 2019	1,556	\$ 39.96	
Granted	1,318	22.22	
Exercised	—	—	
Canceled	(441)	46.94	
Balance as of April 25, 2020	2,433	\$ 29.08	\$ —
Vested or expected to vest as of April 25, 2020	2,349	\$ 29.28	\$ —
Exercisable as of April 25, 2020	402	\$ 41.65	\$ —

The weighted average remaining contractual lives of options outstanding and options exercisable as of April 25, 2020 were 8.1 and 5.9 years, respectively.

Related to stock options exercised, the intrinsic value, cash received and tax benefits realized were \$2, \$13 and \$0, respectively, in fiscal 2019; and \$88, \$324 and \$3, respectively, in fiscal 2018. No stock options were exercised in fiscal 2020.

Restricted Stock

Restricted stock awards and restricted stock units granted to employees generally vest over a three, five or seven year period. Certain restricted stock awards, which are held by branch managers, are subject to accelerated vesting provisions beginning three years after the grant date, based on certain operating goals. Restricted stock awards are also granted to non-employee directors annually and vest over one year. The grant date fair value of restricted stock awards and restricted stock units is based on the closing stock price on the day of the grant. The total fair value of restricted stock awards and restricted stock units that vested in fiscal 2020, 2019 and 2018 was \$8,788, \$5,683 and \$6,939, respectively.

The following is a summary of restricted stock award activity:

	Restricted Stock Awards	
	Shares	Weighted-Average Grant Date Fair Value
Outstanding at April 27, 2019	167	\$ 37.91
Granted	43	18.71
Vested	(93)	34.28
Forfeitures	(11)	43.43
Outstanding at April 25, 2020	106	\$ 32.71

The following is a summary of restricted stock unit activity:

	Restricted Stock Units	
	Shares	Weighted-Average Grant Date Fair Value
Outstanding at April 27, 2019	1,125	\$ 30.97
Granted	508	22.11
Vested	(328)	31.24
Forfeitures	(89)	31.69
Outstanding at April 25, 2020	1,216	\$ 27.16

Performance Unit Awards

In fiscal 2020 and 2019, we granted performance unit awards to certain executives which are earned at the end of a three year period if certain operating goals are met. Accordingly, we recognize expense over the requisite service period based on the outcome that is probable for these awards. In fiscal 2018, we granted performance unit awards with a market-based condition to certain executives. The number of shares to be received at vesting will range from 0% - 200% of the target number of stock units based on Patterson's total shareholder return ("TSR") relative to the performance of companies in the S&P Midcap 400 Index measured over a three year period. We estimate the grant date fair value of the TSR awards using the Monte Carlo valuation model. No performance unit awards vested in fiscal 2020, 2019 or 2018. In fiscal 2020, it was determined that a portion of the operating goals established for performance unit awards granted in fiscal 2019 had been met and 120 shares will vest, assuming continued employment, at the end of the requisite service period.

The following is a summary of performance unit award activity at target:

	Performance Unit Awards	
	Shares	Weighted-Average Grant Date Fair Value
Outstanding at April 27, 2019	285	\$ 34.86
Granted	151	22.25
Vested	—	—
Forfeitures and cancellations	(74)	50.80
Outstanding at April 25, 2020	362	\$ 26.38

Employee Stock Purchase Plan ("ESPP")

We sponsor an ESPP under which a total of 9,000 shares have been reserved for purchase by employees. Eligible employees may purchase shares at 85% of the lower of the fair market value of our common stock on the beginning of the annual offering period, or on the end of each quarterly purchase period, which occur on March 31, June 30, September 30 and December 31. The offering periods begin on January 1 of each calendar year and end on

December 31 of each calendar year. At April 25, 2020, there were 2,068 shares available for purchase under the ESPP.

We estimate the grant date fair value of shares purchased under our ESPP using the Black-Scholes option pricing valuation model with the following assumptions:

	Fiscal Year Ended		
	April 25, 2020	April 27, 2019	April 28, 2018
Expected dividend yield	5.1 %	5.2 %	2.8 %
Expected stock price volatility	34.3 %	38.6 %	28.1 %
Risk-free interest rate	1.6 %	2.5 %	1.7 %
Expected life (years)	0.6	0.6	0.6
Weighted average grant date fair value per share	\$ 4.98	\$ 5.21	\$ 8.73

Capital Accumulation Plan ("CAP")

We also sponsored an employee CAP. A total of 6,000 shares of common stock were reserved for issuance under the CAP. Key employees of Patterson were eligible to participate by purchasing common stock through payroll deductions at 75% of the price of the common stock at the beginning of or the end of the calendar year, whichever was lower. The shares issued are restricted stock and are held in the custody of Patterson until the restrictions lapse. The restriction period is typically three years from the beginning of the plan year, and shares are subject to forfeiture provisions.

Effective September 5, 2018, our Board of Directors took the following irrevocable actions with respect to our CAP: (1) it immediately reduced the number of shares available for purchase under the CAP by 1,500, and (2) it terminated the CAP for new participants, effective January 1, 2019. At April 25, 2020, 274 shares were available for purchase under the CAP.

We estimated the grant date fair value of shares purchased under our CAP using the Black-Scholes option pricing valuation model with the following assumptions. No CAP shares were granted in fiscal 2020 or 2019.

	April 28, 2018
Expected dividend yield	2.8 %
Expected stock price volatility	24.4 %
Risk-free interest rate	1.8 %
Expected life (years)	1.0
Weighted average grant date fair value per share	\$ 12.98

16. Litigation

From time to time, we become involved in lawsuits, administrative proceedings, government subpoenas, and government investigations (which may, in some cases, involve our entering into settlement agreements or consent decrees), relating to antitrust, commercial, environmental, product liability, intellectual property, regulatory, employment discrimination, securities, and other matters, including matters arising out of the ordinary course of business. The results of any legal proceedings cannot be predicted with certainty because such matters are inherently uncertain. Significant damages or penalties may be sought in some matters, and some matters may require years to resolve.

We accrue for these matters when it is both probable that a liability has been incurred and the amount of the loss can be reasonably estimated. Unless otherwise noted, with respect to the specific legal proceedings and claims described below, the amount or range or possible losses is not reasonably estimable. Adverse outcomes in some or all of these matters may result in significant monetary damages or injunctive relief against us that could adversely affect our ability to conduct our business. There also exists the possibility of a material adverse effect on our financial statements for the period in which the effect of an unfavorable outcome becomes probable and reasonably estimable.

On August 31, 2012, Archer and White Sales, Inc. (“Archer”) filed a complaint against Henry Schein, Inc. as well as Danaher Corporation and its subsidiaries Instrumentarium Dental, Inc., Dental Equipment, LLC, Kavo Dental Technologies, LLC and Dental Imaging Technologies Corporation (collectively, the “Danaher Defendants”) in the U.S. District Court for the Eastern District of Texas, Civil Action No. 2:12-CV-00572-JRG, styled as an antitrust action under Section 1 of the Sherman Act, and the Texas Free Enterprise Antitrust Act. Archer alleges a conspiracy between Henry Schein, an unnamed company and the Danaher Defendants to terminate or limit Archer’s distribution rights. On August 1, 2017, Archer filed an amended complaint, adding Patterson Companies, Inc. and Benco Dental Supply Company as defendants, and alleging that Henry Schein, Patterson, Benco and non-defendant Burkhart Dental Supply Company, Inc. conspired to pressure and agreed to enlist their common suppliers, including the Danaher Defendants, to join a price-fixing conspiracy and boycott by reducing the distribution territory of, and eventually terminating, Archer. Archer seeks injunctive relief, and damages in an amount to be proved at trial, to be trebled with interest and costs, including attorneys’ fees, jointly and severally. On June 25, 2018, the U.S. Supreme Court granted certiorari to review an arbitration issue raised by the Danaher Defendants, thereby continuing the case stay implemented in March 2018. On October 29, 2018, the Supreme Court heard oral arguments. On January 8, 2019, the Supreme Court issued its published decision vacating the judgment of the U.S. Court of Appeals for the Fifth Circuit and remanded the case to the Fifth Circuit for further proceedings on a second arbitration issue consistent with the Supreme Court’s opinion. The Fifth Circuit heard oral arguments on May 1, 2019. On August 14, 2019, the Fifth Circuit affirmed the District Court’s finding that the arbitration provision does not apply to this litigation. On January 15, 2020, we reached an agreement in principle to settle with Archer. On March 23, 2020, we settled with Archer and the action against Patterson was dismissed on March 31, 2020.

On March 28, 2018, Plymouth County Retirement System (“Plymouth”) filed a federal securities class action complaint against Patterson Companies, Inc. and its former CEO Scott P. Anderson and former CFO Ann B. Gugino in the U.S. District Court for the District of Minnesota in a case captioned Plymouth County Retirement System v. Patterson Companies, Inc., Scott P. Anderson and Ann B. Gugino, Case No. 0:18-cv-00871 MJD/SER. On November 9, 2018, the complaint was amended to add former CEO James W. Wiltz and former CFO R. Stephen Armstrong as individual defendants. Under the amended complaint, on behalf of all persons or entities that purchased or otherwise acquired Patterson’s common stock between June 26, 2013 and February 28, 2018, Plymouth alleges that Patterson violated federal securities laws by failing to disclose that Patterson’s revenue and earnings were “artificially inflated by Defendants’ illicit, anti-competitive scheme with its purported competitors, Benco and Schein, to prevent the formation of buying groups that would allow its customers who were office-based practitioners to take advantage of pricing arrangements identical or comparable to those enjoyed by large-group customers.” In its class action complaint, Plymouth asserts one count against Patterson for violating Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 promulgated thereunder and a second, related count against the individual defendants for violating Section 20(a) of the Exchange Act. Plymouth seeks compensatory damages, pre- and post-judgment interest and reasonable attorneys’ fees and experts’ witness fees and costs. On August 30, 2018, Gwinnett County Public Employees Retirement System and Plymouth County Retirement System, Pembroke Pines Pension Fund for Firefighters and Police Officers, Central Laborers Pension Fund were appointed lead plaintiffs. On January 18, 2019, Patterson and the individual defendants filed a motion to dismiss the amended complaint. On July 25, 2019, the U.S. Magistrate Judge issued a report and recommendation that the motion to dismiss be granted in part and denied in part. The report and recommendation, among other things, recommends the dismissal of all claims against individuals defendants Ann B. Gugino, R. Stephen Armstrong and James W. Wiltz. On September 10, 2019, the District Court adopted the Magistrate Judge’s report and recommendation. While the outcome of litigation is inherently uncertain, we believe that the class action complaint is without merit, and we are vigorously defending ourselves in this litigation. We do not anticipate that this matter will have a material adverse effect on our financial statements. Patterson has also received, and responded to, requests under Minnesota Business Corporation Act § 302A.461 to inspect corporate books and records relating to the issues raised in the securities class action complaint and certain antitrust litigation.

During the first quarter of fiscal 2019, the U.S. Attorney’s Office for the Western District of Virginia (“USAO-WDVA”) informed us that our subsidiary, Animal Health International, Inc., had been designated a target of a criminal investigation. The investigation originally related to Animal Health International’s sales of prescription animal health products to certain persons and/or locations not licensed to receive them in Virginia and Tennessee in violation of federal law. After being contacted by the USAO-WDVA, Patterson retained outside legal counsel and began an internal investigation. Since that time, we produced documents both responsive to grand jury subpoenas and voluntarily. In December 2018, as a result of our internal investigation, we voluntarily advised the USAO-WDVA that some of Animal Health International’s shipments of prescription animal health products were made from a warehouse rather than a pharmacy to end-user customers in the states of Virginia and Tennessee. Thereafter, as part of our internal investigation, we conducted a comprehensive review of Animal Health International’s distribution

and licensing practices across all 50 U.S. states. That review identified compliance issues in additional states, which we voluntarily disclosed to the USAO-WDVA in April 2019. Our Board of Directors established a special investigation committee to oversee and conduct the investigation, to review our licensing, dispensing, distribution and related sales practices company-wide, and to report on its findings to the Board and to the USAO-WDVA. As a result of the internal investigation, we modified our licensing, dispensing, distribution and related sales processes company-wide. We reached an agreement with the USAO-WDVA that resolved the federal government's criminal investigation into Animal Health International and other non-compliant licensing, dispensing, distribution and related sales processes disclosed during the investigation. Under the terms of the agreement, Animal Health International paid a total criminal fine and forfeiture of \$52,800 in the fourth quarter of fiscal 2020, and Animal Health International pleaded guilty to a strict-liability misdemeanor offense under the Federal Food, Drug and Cosmetic Act in connection with its failure to comply with federal law relating to the sales of prescription animal health products. In addition, Animal Health International and Patterson entered into a non-prosecution agreement for other non-compliant licensing, dispensing, distribution and related sales processes disclosed during the investigation and committed to undertake additional compliance program enhancements and provide compliance certifications for the period from the date of signing the non-prosecution agreement through the next three full fiscal years. The sentencing hearing took place on May 4, 2020, and the court entered a one-year probation period for Animal Health International. We recorded a reserve of \$58,300 in our Corporate segment for the three and six months ended October 26, 2019 to account for the then-anticipated settlement of this matter and certain related costs and expenses. This matter may continue to divert management's attention and cause us to suffer reputational harm. We also may be subject to other fines or penalties, equitable remedies (including but not limited to the suspension, revocation or non-renewal of licenses) and litigation. The occurrence of any of these events could adversely affect our business, financial condition and results of operations.

On October 1, 2018, Sally Pemberton filed a stockholder derivative complaint against Patterson Companies, Inc., as a nominal defendant, and the following former and current officers and directors of Patterson: Scott Anderson, Ann Gugino, Mark Walchirk, John Buck, Alex Blanco, Jody Feragen, Sarena Lin, Ellen Rudnick, Neil Schrimsher, Les Vinney, James Wiltz, Paul Guggenheim, David Misiak and Tim Rogan as individual defendants in the U.S. District Court for the District of Minnesota in a case captioned Sally Pemberton v. Scott P. Anderson, et al., Case No. 18-CV-2818 (PJS/HB). Derivatively on behalf of Patterson, plaintiff alleges that Patterson, with Benco and Henry Schein, "engage[d] in a conspiracy in restraint of trade, whereby the companies agreed to refuse to offer discounted prices or otherwise negotiate with GPOs, agreed to fix margins on dental supplies and equipment, agreed not to poach one another's customers or sales representatives, and agreed to block the entry and expansion of rival distributors. Plaintiff further alleges that the individual defendants failed to disclose Patterson's alleged "antitrust misconduct" to the public and purportedly caused Patterson to repurchase \$412,800 of its own stock at prices that were artificially inflated. In the derivative complaint, plaintiff asserts six counts against the individual defendants for: (i) breach of fiduciary duty; (ii) waste of corporate assets; (iii) unjust enrichment; (iv) violations of Section 14(a) of the Exchange Act; (v) violations of Section 10(b) and Rule 10b-5 of the Exchange Act and (vi) violations of Section 20(a) of the Exchange Act. Plaintiff seeks compensatory damages with pre-judgment and post-judgment interest, costs, disbursements and reasonable attorneys' fees, experts' fees, costs and expenses, and an order awarding restitution from the individual defendants and directing Patterson "to take all necessary actions to reform and improve its corporate governance and internal procedures." On September 10, 2019, the Honorable Patrick J. Schiltz dismissed this action without prejudice because the plaintiff failed to make a pre-suit demand on Patterson's Board of Directors. On October 31, 2019, Patterson's Board received a written demand to initiate litigation against its officers and directors based on the claims Ms. Pemberton originally presented in her complaint. Following this demand, and after consultation with legal counsel, effective March 16, 2020, the Board adopted a resolution appointing Professor John Matheson and The Honorable George McGunnigle, retired Judge of Hennepin County District Court, as a special litigation committee pursuant to Minnesota Statutes Section 302A.241. Pursuant to the resolution, the special litigation committee has complete power and authority to investigate the demand, analyze the legal rights or remedies of Patterson, determine whether those rights or remedies should be pursued, and respond to Ms. Pemberton on behalf of Patterson.

On August 28, 2018, Kirsten Johnsen filed a stockholder derivative complaint against Patterson Companies, Inc., as a nominal defendant, and the following former and current officers and directors of Patterson: Scott Anderson, Ann Gugino, James Wiltz, John Buck, Jody Feragen, Ellen Rudnick, Les Vinney, Neil Schrimsher, Sarena Lin, Harold Slavkin, Alex Blanco and Mark Walchirk as individual defendants in Hennepin County District Court in a case captioned Kirsten Johnsen v. Scott P. Anderson et al., Case No. 27-CV-18-14315. Derivatively on behalf of Patterson, plaintiff alleges that Patterson "suppressed price competition and maintained supracompetitive prices for dental supplies and equipment by entering into agreements with Henry Schein and Benco to: (i) fix margins for dental supplies and equipment; and (ii) block the entry and expansion of lower-margin, lower-priced, rival dental

distributors through threatened and actual group boycotts.” Plaintiff further alleges that the individual defendants failed to disclose Patterson’s alleged “price-fixing scheme” to the public and purportedly “caused Patterson to repurchase over \$412,800 worth of its own stock at artificially inflated prices.” In the derivative complaint, plaintiff asserts three counts against the individual defendants for: (i) breach of fiduciary duty; (ii) waste of corporate assets; and (iii) unjust enrichment. Plaintiff seeks compensatory damages, equitable and injunctive relief as permitted by law, costs, disbursements and reasonable attorneys’ fees, accountants’ fees and experts’ fees, costs and expenses, and an order awarding restitution from the individual defendants and directing Patterson “to take all necessary actions to reform and improve its corporate governance and internal procedures.” On February 19, 2019, the Hennepin County District Court ordered this litigation stayed pending resolution of the above-described case brought by Sally Pemberton. On September 10, 2019, the Honorable Patrick J. Schiltz dismissed *Pemberton* without prejudice because the plaintiff failed to make a pre-suit demand on Patterson’s Board of Directors. On November 5, 2019, the defendants in *Johnsen* moved to dismiss such action based on plaintiff’s failure to make a pre-suit demand or otherwise properly plead demand futility. On December 12, 2019, in light of the outcome in *Pemberton*, the defendants and *Johnsen* entered into a stipulation for voluntary dismissal of the *Johnsen* action, which the court granted on December 13, 2019. On April 27, 2020, Patterson’s Board received a written demand to initiate litigation against its officers and directors based on the claims Ms. *Johnsen* originally presented in her complaint. The Board is in the process of reviewing the demand and determining how to address it.

17. Quarterly Results (unaudited)

Quarterly results are determined in accordance with the accounting policies used for annual data and include certain items based upon estimates for the entire year. All fiscal quarters presented include results for 13 weeks.

	Quarter Ended			
	April 25, 2020 ⁽¹⁾	January 25, 2020	October 26, 2019 ⁽²⁾	July 27, 2019 ⁽³⁾
Net sales	\$ 1,286,461	\$ 1,456,155	\$ 1,418,744	\$ 1,328,651
Gross profit	294,032	311,830	301,494	290,054
Operating (loss) income	(614,463)	43,816	(18,146)	16,674
Net (loss) income	(608,797)	22,972	(33,349)	29,807
Net loss attributable to noncontrolling interests	(211)	(255)	(220)	(235)
Net (loss) income attributable to Patterson Companies, Inc.	\$ (608,586)	\$ 23,227	\$ (33,129)	\$ 30,042
(Loss) earnings per share attributable to Patterson Companies, Inc.:				
Basic	\$ (6.44)	\$ 0.25	\$ (0.35)	\$ 0.32
Diluted	\$ (6.44)	\$ 0.24	\$ (0.35)	\$ 0.32

	Quarter Ended			
	April 27, 2019	January 26, 2019	October 27, 2018	July 28, 2018 ⁽⁴⁾
Net sales	\$ 1,436,706	\$ 1,396,745	\$ 1,404,752	\$ 1,336,320
Gross profit	312,527	299,509	295,076	283,663
Operating (loss) income	46,623	45,363	41,216	4,514
Net (loss) income	27,685	31,054	28,646	(4,509)
Net loss attributable to noncontrolling interests	(305)	(171)	(223)	(53)
Net (loss) income attributable to Patterson Companies, Inc.	\$ 27,990	\$ 31,225	\$ 28,869	\$ (4,456)
(Loss) earnings per share attributable to Patterson Companies, Inc.:				
Basic	\$ 0.30	\$ 0.34	\$ 0.31	\$ (0.05)
Diluted	\$ 0.30	\$ 0.33	\$ 0.31	\$ (0.05)

(1) In the fourth quarter of fiscal 2020, we recorded goodwill impairment charges totaling \$675,055 in our Animal Health segment. See Note 1 for additional information. In addition, the COVID-19 virus had a significant impact on our businesses in the fourth quarter of fiscal 2020. Through March 2020, sales in our Dental and Animal Health segments were up year over year. In April 2020, our Dental segment sales were

down approximately 71% and our Animal Health segment sales were down approximately 9%, as compared to April 2019. In addition, operating expenses were also down significantly in April 2020 as certain variable expenses decreased with sales.

- (2) We incurred costs and expenses of \$58,300 during the second quarter of fiscal 2020 related to the then-probable settlement of an investigation by the U.S. Attorney's Office for the Western District of Virginia. See Note 16 for additional information.
- (3) We recorded a pre-tax gain of \$34,334 related to one of our investments during the first quarter of fiscal 2020. This gain was based on the selling price of preferred stock in this investment that is similar to the preferred stock we own, and was adjusted for differences in liquidation preferences. In addition, we incurred expenses of \$17,666 during the first quarter of fiscal 2020 related to the settlement of litigation with SourceOne Dental, Inc.
- (4) In the first quarter of fiscal 2019, we recorded a pre-tax charge of \$28,263 related to a litigation settlement.

18. Accumulated Other Comprehensive Loss ("AOCL")

The following table summarizes the changes in AOCL as of April 25, 2020:

	Cash Flow Hedges	Currency Translation Adjustment	Total
AOCL at April 27, 2019	\$ (10,830)	\$ (77,439)	\$ (88,269)
Other comprehensive loss before reclassifications	—	(14,062)	(14,062)
Amounts reclassified from AOCL	5,292	—	5,292
AOCL at April 25, 2020	<u>\$ (5,538)</u>	<u>\$ (91,501)</u>	<u>\$ (97,039)</u>

The amounts reclassified from AOCL during fiscal 2020 represent gains and losses on cash flow hedges, net of taxes of \$2,460. The impact to the consolidated statements of operations and other comprehensive (loss) income was an increase to interest expense of \$10,458, which includes \$8,134 of expense related to the early repayment of debt discussed further in Note 6. In addition, due to the adoption of ASU No. 2018-02, \$2,707 was reclassified from AOCL to retained earnings in the first quarter of fiscal 2020. See Note 1 for additional information.

Item 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

Item 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Under the supervision and with the participation of our management, including our Chief Executive Officer and our Chief Financial Officer, we evaluated the effectiveness of the design and operation of our disclosure controls and procedures pursuant to Rules 13a-15 and 15d-15 of the Securities and Exchange Act of 1934 (the "Exchange Act"). Based on that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of April 25, 2020. Disclosure controls and procedures are defined by Rules 13a-15(e) and 15d-15(e) of the Exchange Act as controls and other procedures that are designed to ensure that information required to be disclosed by Patterson in reports filed with the SEC under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed in reports filed under the Exchange Act is accumulated and communicated to our management, including our principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

Management's Annual Report on Internal Control Over Financial Reporting

The management of Patterson Companies, Inc. is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. Our internal control system is designed to provide reasonable assurance to our management and Board of Directors regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we assessed the effectiveness of our internal control over financial reporting as of April 25, 2020, using the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in *Internal Control - Integrated Framework* (2013). Based on this assessment, management has concluded that our internal control over financial reporting was effective as of April 25, 2020. Ernst & Young LLP, the independent registered public accounting firm that audited our consolidated financial statements included in Item 8, *Financial Statements and Supplementary Data*, of this Annual Report on Form 10-K, has issued an unqualified report on our internal control over financial reporting.

/s/ Mark S. Walchirk

President and Chief Executive Officer

/s/ Donald J. Zurbay

Chief Financial Officer and Treasurer

The report of our independent registered public accounting firm on internal control over financial reporting is included in Item 8 of this Annual Report on Form 10-K.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting (as defined in Rule 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during the quarter ended April 25, 2020 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

9B. OTHER INFORMATION

None.

PART III

Item 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Information regarding the directors of Patterson is incorporated herein by reference to the descriptions set forth under the caption “Proposal No. 1 Election of Directors” in Patterson’s Proxy Statement for its Annual Meeting of Shareholders to be held on September 14, 2020 (the “2020 Proxy Statement”). Information regarding executive officers of Patterson is incorporated herein by reference to Item 1 of Part I of this Form 10-K under the caption “Information About Our Executive Officers.” Information regarding compliance with Section 16(a) of the Securities Exchange Act of 1934 is incorporated herein by reference to the information set forth under the caption “Delinquent Section 16(a) Reports” in the 2020 Proxy Statement. The information called for by Item 10, as to the audit committee and the audit committee financial expert, is set forth under the captions “Proposal No. 1 Election of Directors” and “Our Board of Directors and Committees” in the 2020 Proxy Statement and such information is incorporated by reference herein.

Code of Ethics

We have adopted Principles of Business Conduct and Code of Ethics for our Chief Executive Officer, Chief Financial Officer, Directors and all employees. Our Code of Ethics is available on our website (www.pattersoncompanies.com) under the section “Investor Relations – Corporate Governance.” We intend to satisfy the disclosure requirement of Form 8-K regarding an amendment to, or waiver from, a provision of our Code of Ethics by posting such information on our website at the address and location specified above.

Item 11. EXECUTIVE COMPENSATION

Information regarding executive compensation is incorporated herein by reference to the information set forth under the caption “Executive Compensation” in the 2020 Proxy Statement. Information regarding director compensation is incorporated herein by reference to the information set forth under the caption “Non-Employee Director Compensation” in the 2020 Proxy Statement. Information regarding the compensation committee and its report is incorporated herein by reference to the information set forth under the caption “Our Board of Directors and Committees - Committee Responsibilities - Our Compensation Committee and Its Report” in the 2020 Proxy Statement.

Item 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

Information regarding securities authorized for issuance under equity compensation plans is incorporated herein by reference to the information set forth under the caption “Equity Compensation Plan Information” in the 2020 Proxy Statement. Information regarding the security ownership of certain beneficial owners and management is incorporated herein by reference to the information set forth under the caption “Security Ownership of Certain Beneficial Owners and Management” in the 2020 Proxy Statement.

Item 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

Information regarding transactions with related persons is incorporated herein by reference to the information set forth under the caption “Certain Relationships and Related Transactions” in the 2020 Proxy Statement. Information regarding director independence is incorporated herein by reference to the information set forth under the caption “Our Board of Directors and Committees” in the 2020 Proxy Statement.

Item 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Information relating to principal accounting fees and services and pre-approval policies and procedures is incorporated herein by reference to the information set forth under the caption “Proposal No. 4 Ratification of Selection of Independent Registered Public Accounting Firm – Principal Accountant Fees and Services” in the 2020 Proxy Statement.

PART IV

Item 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) 1. Financial Statements.

The following Consolidated Financial Statements and supplementary data of Patterson and its subsidiaries are included in Part II, Item 8: Reports of Independent Registered Public Accounting Firm
Consolidated Balance Sheets
Consolidated Statements of Operations and Other Comprehensive (Loss) Income
Consolidated Statement of Changes in Stockholders' Equity
Consolidated Statements of Cash Flows
Notes to Consolidated Financial Statements

2. Financial Statement Schedules.

The following financial statement schedule is filed herewith: Schedule II – Valuation and Qualifying Accounts
Schedules other than that listed above have been omitted because they are not applicable or the required information is included in the financial statements or notes thereto.

3. Exhibits.

<u>Exhibit</u>	<u>Document Description</u>
3.1	Restated Articles of Incorporation (incorporated by reference to our Quarterly Report on Form 10-Q, filed September 9, 2004 (File No. 000-20572)).
3.2	Amended and Restated Bylaws (incorporated by reference to our Current Report on Form 8-K, filed December 13, 2013 (File No. 000-20572)).
4.1	Specimen form of Common Stock Certificate (incorporated by reference to our Quarterly Report on Form 10-Q, filed September 9, 2004 (File No. 000-20572)).
4.2	Description of Securities (filed herewith).
10.1	Patterson Companies, Inc. Summary of Material Terms of Management Incentive Compensation Plan for Fiscal 2020 (filed herewith).**
10.2	Patterson Companies Amended and Restated Capital Accumulation Plan (incorporated by reference to our Quarterly Report on Form 10-Q, filed December 6, 2018 (File No. 000-20572)).**
10.3	Patterson Companies, Inc. Amended and Restated Employee Stock Purchase Plan (incorporated by reference to Annex A to our Definitive Schedule 14A (Proxy Statement), filed August 2, 2019 (File No. 000-20572)).**
10.4	Patterson Dental Company Amended and Restated Employee Stock Ownership Plan, effective May 1, 2001 (incorporated by reference to our Annual Report on Form 10-K, filed July 25, 2002 (File No. 000-20572)).**
10.5	Deferred Profit Sharing Plan for the Employees of Patterson Dental Canada Inc. (incorporated by reference to our Definitive Proxy Statement, filed July 28, 2008 (File No. 000-20572)).**
10.6	Patterson Companies, Inc. Amended and Restated Equity Incentive Plan (incorporated by reference to our Definitive Proxy Statement, filed August 7, 2012 (File No. 000-20572)).**
10.7	Patterson Companies, Inc. 2014 Sharesave Plan (incorporated by reference to our Definitive Proxy Statement, filed August 5, 2014 (File No. 000-20572)).**

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10.8	Patterson Companies, Inc. Amended and Restated 2015 Omnibus Incentive Plan (incorporated by reference to Annex A to our Definitive Schedule 14A (Proxy Statement), filed August 6, 2018 (File No. 000-20572)).**
10.9	The Executive Nonqualified Excess Plan (filed herewith).**
10.10	Employment Agreement by and between Patterson Companies, Inc. and Mark S. Walchirk, dated October 23, 2017 (incorporated by reference to our Current Report on Form 8-K, filed October 24, 2017 (File No. 000-20572)).**
10.11	Inducement RSU Award Agreement by and between Patterson Companies, Inc. and Mark S. Walchirk, dated December 1, 2017 (incorporated by reference to our Annual Report on Form 10-K, filed June 27, 2018 (File No. 000-20572)).**
10.12	Amendment No. 1 to Employment Agreement by and between Patterson Companies, Inc. and Mark S. Walchirk, dated April 17, 2020 (incorporated by reference to our Current Report on Form 8-K, filed April 20, 2020 (File No. 000-20572)).**
10.13	Offer Letter by and between Patterson Companies, Inc. and Donald J. Zurbay, effective May 17, 2018 (incorporated by reference to our Current Report on Form 8-K, filed May 23, 2018 (File No. 000-20572)).**
10.14	Form of Inducement, Severance & Change in Control Agreement by and between Patterson Companies, Inc. and Donald J. Zurbay (incorporated by reference to our Current Report on Form 8-K, filed May 23, 2018 (File No. 000-20572)).**
10.15	Form of Inducement Non Statutory Stock Option Agreement by and between Patterson Companies, Inc. and Donald J. Zurbay (incorporated by reference to our Current Report on Form 8-K, filed May 23, 2018 (File No. 000-20572)).**
10.16	Form of Inducement RSU Agreement by and between Patterson Companies, Inc. and Donald J. Zurbay (incorporated by reference to our Current Report on Form 8-K, filed May 23, 2018 (File No. 000-20572)).**
10.17	Inducement, Severance and Change-in-Control Agreement by and between Patterson Companies, Inc. and Eric Shirley, dated February 4, 2019 (incorporated by reference to our Annual Report on Form 10-K, filed June 26, 2019 (File No. 000-20572)).**
10.18	Restrictive Covenants, Severance and Change-in-Control Agreement by and between Patterson Companies, Inc. and Kevin M. Pohlman, dated June 11, 2018 (incorporated by reference to our Current Report on Form 8-K, filed June 12, 2018 (File No. 000-20572)).**
10.19	Restrictive Covenants, Severance and Change-in-Control Agreement by and between Patterson Companies, Inc. and Les B. Korsh, dated June 11, 2018 (incorporated by reference to our Current Report on Form 8-K, filed June 12, 2018 (File No. 000-20572)).**
10.20	Inducement, Severance and Change-in-Control Agreement by and between Patterson Companies, Inc. and Andrea Frohning, dated May 21, 2018 (incorporated by reference to our Annual Report on Form 10-K, filed June 26, 2019 (File No. 000-20572)).**
10.21	Separation Agreement by and between Patterson Companies, Inc. and Scott P. Anderson, dated July 1, 2019 (incorporated by reference to our Quarterly Report on Form 10-Q, filed September 4, 2019 (File No. 000-20572)).**
10.22	ESOP Loan Agreement dated April 1, 2002 (incorporated by reference to our Annual Report on Form 10-K, filed July 24, 2003 (File No. 000-20572)).
10.23	Promissory Note dated April 1, 2002 between GreatBanc Trust Company, an Illinois corporation, not in its individual or corporate capacity, but solely as trustee of the Thompson Dental Company Employee Stock Ownership Plan and Trust and Thompson Dental Company (incorporated by reference to our Annual Report on Form 10-K, filed July 24, 2003 (File No. 000-20572)).
10.24	Receivables Sale Agreement, dated as May 10, 2002, by and among Patterson Dental Supply, Inc., Webster Veterinary Supply, Inc., and PDC Funding Company, LLC, conformed through Amendment No. 4, dated as of October 9, 2018 (incorporated by reference to our Quarterly Report on Form 10-Q, filed March 6, 2019 (File No. 000-20572)).
10.25	ESOP Loan Agreement dated September 11, 2006 (incorporated by reference to our Current Report on Form 8-K, filed September 12, 2006 (File No. 000-20572)).

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10.26	ESOP Note dated September 11, 2006 (incorporated by reference to our Current Report on Form 8-K, filed September 12, 2006 (File No. 000-20572)).
10.27	Third Amended and Restated Receivables Purchase Agreement dated as of December 3, 2010, among PDC Funding Company, LLC, as seller, Patterson Companies, Inc., as servicer, the conduits party thereto, the financial institutions party thereto, the purchaser agents party thereto, and MUFG Bank, Ltd. (f.k.a. The Bank of Tokyo-Mitsubishi UFJ, Ltd.), as agent, conformed through Seventeenth Amendment dated June 19, 2020 (filed herewith).
10.28	Amended and Restated Contract Purchase Agreement dated as of August 12, 2011, among PDC Funding Company II, LLC, as seller, Patterson Companies, Inc., as servicer, the purchasers party thereto, and Fifth Third Bank, as agent, conformed through Thirteenth Amendment, dated May 19, 2020 (filed herewith).
10.29	Amended and Restated Receivables Sales Agreement dated August 12, 2011 by and among Patterson Dental Supply, Inc., Webster Veterinary Supply, Inc. and PDC Funding Company II, LLC (incorporated by reference to our Annual Report on Form 10-K, filed June 24, 2015 (File No. 000-20572)).
10.30	Note Purchase Agreement, dated December 8, 2011, by and among Patterson Companies, Inc., Patterson Medical Holdings, Inc., Patterson Medical Supply, Inc., Patterson Dental Holdings, Inc., Patterson Dental Supply, Inc., Webster Veterinary Supply, Inc., Webster Management, LP, conformed through Third Amendment, dated April 24, 2020 (filed herewith).
10.31	Note Purchase Agreement, dated March 23, 2015, by and among Patterson Companies, Inc., Patterson Medical Holdings, Inc., Patterson Medical Supply, Inc., Patterson Dental Holdings, Inc., Patterson Dental Supply, Inc., Patterson Veterinary Supply, Inc., and Patterson Management, LP, conformed through Second Amendment, dated April 24, 2020 (filed herewith).
10.32	Amended and Restated Credit Agreement dated as of January 27, 2017, by and among Patterson Companies, Inc., the lenders from time to time parties thereto, MUFG Bank, Ltd. (formerly known as The Bank of Tokyo-Mitsubishi UFJ, Ltd.), as administrative agent, and Bank of America, N.A., as syndication agent, conformed through Third Amendment, dated December 20, 2019 (filed herewith).
10.33	Note Purchase Agreement, dated as of March 29, 2018, among Patterson Companies, Inc., and certain of its named subsidiaries as borrowers, and various private lenders, conformed through Second Amendment, dated April 24, 2020 (filed herewith).
10.34	Receivables Purchase Agreement, dated as of July 24, 2018, by and among Patterson Dental Supply, Inc., as servicer, PDC Funding Company III, LLC, as seller, purchasers from time to time party thereto, and MUFG Bank, Ltd., as agent, conformed through Fourth Amendment, dated January 15, 2020 (filed herewith).
10.35	Receivables Sale Agreement, dated as of July 24, 2018, by and between Patterson Dental Supply, Inc., as seller, and PDC Funding Company III, LLC, as buyer (incorporated by reference to our Current Report on Form 8-K, filed July 25, 2018 (File No. 000-20572)).
10.36	Loan Agreement, dated December 20, 2019, among Patterson Companies, Inc., the lenders from time to time parties thereto, and MUFG Bank Ltd., as administrative agent (incorporated by reference to our Current Report on Form 8-K, filed December 23, 2019 (File No. 000-20572)).
10.37	Receivables Purchase Agreement, dated as of January 15, 2020, by and among Patterson Veterinary Supply, Inc., as servicer, PDC Funding Company IV, LLC, as seller, purchasers from time to time party thereto, and MUFG Bank, Ltd., as agent (incorporated by reference to our Current Report on Form 8-K, filed January 17, 2020 (File No. 000-20572)).
10.38	Receivables Sale Agreement, dated as of January 15, 2020, by and between Patterson Veterinary Supply, Inc., as seller, and PDC Funding Company IV, LLC, as buyer (incorporated by reference to our Current Report on Form 8-K, filed January 17, 2020 (File No. 000-20572)).
21	Subsidiaries (filed herewith).
23	Consent of Independent Registered Public Accounting Firm (filed herewith).

31.1	Certification of the Chief Executive Officer pursuant to Rules 13a-4(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith).
31.2	Certification of the Chief Financial Officer pursuant to Rule 13a-4(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith).
32.1	Certification of the Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (filed herewith).
32.2	Certification of the Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (filed herewith).
101	(Filed Electronically) The following financial information from our Annual Report on Form 10-K for fiscal 2020, formatted in Inline eXtensible Business Reporting Language (iXBRL): (i) the consolidated balance sheets, (ii) the consolidated statements of operations and other comprehensive (loss) income, (iii) the consolidated statements of changes in stockholders' equity, (iv) the consolidated statements of cash flows and (v) the notes to the consolidated financial statements.(*)

(*) The iXBRL related information in Exhibit 101 to this Annual Report on Form 10-K shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to liability of that section and shall not be incorporated by reference into any filing or other document pursuant to the Securities Act of 1933, as amended, except as shall be expressly set forth by specific reference in such filing or document.

** Indicates management contract or compensatory plan or agreement.

(b) See Index to Exhibits.

(c) See Schedule II.

Item 16. Form 10-K Summary.

None.

SCHEDULE II
VALUATION AND QUALIFYING ACCOUNTS

PATTERSON COMPANIES, INC.

(In thousands)

	Balance at Beginning of Period	Charged to Costs and Expenses	Charged to Other Accounts	Deductions	Balance at End of Period
Year ended April 25, 2020					
Deducted from asset accounts:					
Allowance for doubtful accounts	\$ 6,772	\$ 2,008	\$ —	\$ 3,657	\$ 5,123
LIFO inventory adjustment	\$ 91,342	\$ 8,384	\$ —	\$ —	\$ 99,726
Inventory obsolescence reserve	10,099	27,405	—	11,978	25,526
Total inventory reserve	\$ 101,441	\$ 35,789	\$ —	\$ 11,978	\$ 125,252
Year ended April 27, 2019					
Deducted from asset accounts:					
Allowance for doubtful accounts	\$ 9,537	\$ 7,333	\$ —	\$ 10,098	\$ 6,772
LIFO inventory adjustment	\$ 82,105	\$ 9,237	\$ —	\$ —	\$ 91,342
Inventory obsolescence reserve	5,376	30,995	—	26,272	10,099
Total inventory reserve	\$ 87,481	\$ 40,232	\$ —	\$ 26,272	\$ 101,441
Year ended April 28, 2018					
Deducted from asset accounts:					
Allowance for doubtful accounts	\$ 9,342	\$ 6,280	\$ —	\$ 6,085	\$ 9,537
LIFO inventory adjustment	\$ 77,816	\$ 4,289	\$ —	\$ —	\$ 82,105
Inventory obsolescence reserve	5,621	22,919	—	23,164	5,376
Total inventory reserve	\$ 83,437	\$ 27,208	\$ —	\$ 23,164	\$ 87,481

SIGNATURES

Pursuant to the requirements of section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Dated: June 24, 2020

PATTERSON COMPANIES, INC.

By /s/ Mark S. Walchirk

Mark S. Walchirk

President and Chief Executive Officer,
Director

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

		Date
<u>/s/ Mark S. Walchirk</u> Mark S. Walchirk	President and Chief Executive Officer, Director (Principal Executive Officer)	June 24, 2020
<u>/s/ Donald J. Zurbay</u> Donald J. Zurbay	Chief Financial Officer and Treasurer (Principal Financial and Accounting Officer)	June 24, 2020
<u>/s/ John D. Buck</u> John D. Buck	Chairman of the Board	June 24, 2020
<u>/s/ Alex N. Blanco</u> Alex N. Blanco	Director	June 24, 2020
<u>/s/ Jody H. Feragen</u> Jody H. Feragen	Director	June 24, 2020
<u>/s/ Robert C. Frenzel</u> Robert C. Frenzel	Director	June 24, 2020
<u>/s/ Francis J. Malecha</u> Francis J. Malecha	Director	June 24, 2020
<u>/s/ Ellen A. Rudnick</u> Ellen A. Rudnick	Director	June 24, 2020
<u>/s/ Neil A. Schrimsher</u> Neil A. Schrimsher	Director	June 24, 2020

DESCRIPTION OF SECURITIES

The summary of the general terms and provisions of the capital stock of Patterson Companies, Inc. (the “Company”) set forth below does not purport to be complete and is subject to and qualified by reference to the Company’s Restated Articles of Incorporation, as amended from time to time (the “Articles”) and Amended and Restated Bylaws, as amended from time to time (“Bylaws,” and together with the Articles, the “Charter Documents”), each of which is incorporated herein by reference and attached as an exhibit to the Company’s most recent Annual Report on Form 10-K filed with the Securities and Exchange Commission. For additional information, please read the Company’s Charter Documents and the applicable provisions of the Minnesota Business Corporation Act (the “MBCA”).

Capital Stock

The Company is authorized to issue up to 630 million shares of capital stock, consisting of 30 million shares of preferred stock of the par value of one cent (\$.01) per share (the “preferred stock”) and 600 million shares of common stock of the par value of one cent (\$.01) per share (the “common stock”). The Company’s Board of Directors (the “Board”) may issue the preferred stock from time to time in one or more series without further shareholder approval, each of which series shall have such designation or title and such number of shares as shall be fixed by the Board prior to the issuance of any shares thereof. Each such series of preferred stock will have such voting powers, full or limited, or no voting powers, and such preferences and relative participating, optional or other special rights and such qualifications, limitations or restrictions, as specified by the Board in the resolutions providing for the issue of such series of preferred stock. The Board may also increase or decrease (but not below the number of shares then outstanding) the number of shares of any series of preferred stock subsequent to the issuance of shares of that series.

As of June 16, 2020, there were 95,319,000 shares of common stock issued and outstanding, held of record by 1,809 holders, and no preferred shares issued and outstanding. The transfer agent for the common stock is EQ Shareowner Services, 1110 Centre Pointe Curve, Suite 101, Mendota Heights, Minnesota, 55120, telephone: (800) 468-9716.

Voting Rights

The holders of shares of common stock are entitled to one vote for each share held of record on all matters submitted to a vote of shareholders, including the election of directors. The Articles do not permit cumulative voting.

At a shareholders meeting at which a quorum is present, directors are elected by a majority of the votes present and entitled to vote.

Most corporate actions requiring shareholder approval require the affirmative vote of the greater of (1) a majority of the outstanding shares of common stock present in person or by proxy and entitled to vote and (2) a majority of the minimum number of shares entitled to vote that would constitute a quorum for the transaction of business. However, under the MBCA significant corporate actions, such as certain mergers and dispositions of substantially all of the Company's assets, plans for the Company's liquidation, and certain amendments to the Articles, may require a higher voting standard. Dissolution and most mergers require the affirmative vote of the holders of a majority of the voting power of all shares entitled to vote.

Dividend Rights

All holders of shares of common stock are entitled to receive such dividends, if any, as may be declared from time to time by the Board in its discretion from funds legally available therefor and as permitted by the MBCA.

Liquidation Rights

In the event of the Company's dissolution, the holders of shares of common stock are entitled to receive ratably the net assets of the Company that are available after the payment of all debts and liabilities, subject to the distribution rights of shares of preferred stock, if any, then outstanding.

Preemptive Rights

No shareholder of the Company has any preemptive right to purchase, subscribe for or otherwise acquire any new or additional securities of the Company, or any options or warrants to purchase, subscribe for or otherwise acquire any such new additional securities before the Company may offer them to other persons.

Listing

The Company's common stock is currently traded on the NASDAQ Global Select Market under the symbol "PDCO."

Forum Selection

The Bylaws provide that the sole and exclusive forum for (i) any derivative action or proceeding brought on behalf of the Company; (ii) any action asserting a claim for breach of fiduciary duty owed by any director officer or other employee of the Company to the Company or the Company's shareholders; (iii) any action asserting a claim arising pursuant to any provision of Minnesota Statutes, Chapter 302A; or (iv) any action asserting a claim governed by the internal affairs doctrine, shall be the state and federal courts located in Hennepin County, Minnesota. Purchasing or otherwise acquiring the Company's shares is deemed to be notice of this forum selection bylaw.

Anti-Takeover Provisions

The Charter Documents and the MBCA contain certain provisions that may discourage an unsolicited takeover of the Company or make an unsolicited takeover of the Company more difficult. The following are some of the more significant anti-takeover provisions that are applicable to the Company:

Blank Check Preferred Stock

The Board, without further shareholder approval, may issue up to approximately 30 million shares of preferred stock and fix the powers, preferences, rights and limitations of such class or series, which could adversely affect the voting power of the common stock and make an unsolicited takeover of the Company more difficult.

Special Meetings of Shareholders; Shareholder Action by Written Consent; and Advance Notice of Shareholder Business Proposals and Nominations

Section 302A.433 of the MBCA provides that special meetings of the Company's shareholders may be called by the Company's chief executive officer, chief financial officer, two or more directors, or shareholders holding 10% or more of the voting power of all shares entitled to vote, except that a special meeting demanded by shareholders for the purpose of considering any action to directly or indirectly facilitate or effect a business combination, including any action to change or otherwise affect the composition of the Board for that purpose, must be called by 25% or more of the voting power of all shares entitled to vote. Section 302A.441 of the MBCA also provides that action may be taken by shareholders without a meeting only by unanimous written consent.

Furthermore, the Bylaws provide an advance written notice procedure with respect to shareholder proposals for business at a regular meeting and shareholder nominations of candidates for election as directors. Shareholders at an annual meeting are able to consider only the proposals and nominations specified in the notice of meeting or otherwise brought before the meeting by or at the direction of the Board or by a shareholder that has delivered timely written notice in proper form to the Company's secretary of the business to be brought before the meeting.

Control Share Provision

Section 302A.671 of the MBCA applies, with certain exceptions, to any acquisition of the Company's voting stock (from a person other than the Company and other than in connection with certain mergers and exchanges to which the Company is a party) resulting in the acquiring person owning 20% or more of the Company's voting stock then outstanding. Section 302A.671 requires approval of any such acquisitions by both (i) the affirmative vote of the holders of a majority of the shares entitled to vote, including shares held by the acquiring person, and (ii) the affirmative vote of the holders of a majority of the shares entitled to vote, excluding all interested shares. In general, shares acquired in the absence of such approval are denied voting rights and are redeemable at their then fair market value by the Company within 30 days after the acquiring

person has failed to give a timely information statement to the Company or the date the shareholders voted not to grant voting rights to the acquiring person's shares.

Business Combination Provision

Section 302A.673 of the MBCA generally prohibits the Company or any of its subsidiaries from entering into any merger, share exchange, sale of material assets, liquidation, dissolution, share issuance or reclassification, or similar transaction with a 10% shareholder within four years following the date the person became a 10% shareholder, unless either the transaction or the person's acquisition of shares is approved prior to the person becoming a 10% shareholder by a committee of all of the disinterested members of the Board. The business combination provision applies to any corporation that has not expressly provided to the contrary in its articles or its bylaws. The Company has not opted out of this provision.

Takeover Offer; Fair Price

Under Section 302A.675 of the MBCA, a person or entity may not acquire shares of the Company within two years following the person's or entity's last purchase of shares pursuant to a takeover offer with respect to that class, including acquisitions made by purchase, exchange, merger, consolidation, partial or complete liquidation, redemption, reverse stock split, recapitalization, reorganization, or any other similar transaction, unless (i) the acquisition is approved by a committee of the Board's disinterested directors before the purchase of any shares by the person or entity pursuant to the earlier takeover offer, or (ii) shareholders are afforded, at the time of the proposed acquisition, a reasonable opportunity to dispose of the shares to the person or entity upon substantially equivalent terms as those provided in the earlier takeover offer.

Greenmail Restrictions

Under Section 302A.553 of the MBCA, the Company is prohibited from buying shares at an above-market price from a greater than 5% shareholder who has held the shares for less than two years unless (i) the purchase is approved by holders of a majority of the outstanding shares entitled to vote or (ii) the Company makes an equal or better offer to all shareholders for all other shares of that class or series and any other class or series into which they may be converted.

Authority of the Board

Under the Bylaws, the Board has the right to fill vacancies on the Board (including a vacancy created by an increase in the size of the Board).

**PATTERSON COMPANIES, INC.
SUMMARY OF MATERIAL TERMS OF
MANAGEMENT INCENTIVE COMPENSATION PLAN FOR
FISCAL YEAR 2020**

The Company's named executive officers are eligible for annual incentives, payable in cash, under the Management Incentive Compensation Plan (the "MICP"). The MICP payout targets, which are achieved if the Company meets certain goals set out in the annual operating plan, are approved by the Compensation Committee of the Company's Board of Directors (the "Committee") each year. The MICP performance measures and their weightings are also approved by the Committee each year. The Committee also reviews and approves a schedule that details the required Company performance and resulting MICP payouts for each performance measure. If the threshold performance goals are met, MICP payouts equal at least 50% of target. The Committee maintains the discretion to vary from the formula to decrease an MICP payout. Actual MICP payouts, which can vary from 0 to 175% of target, are delivered after the Company's results are known and applied to the MICP.

THE EXECUTIVE NONQUALIFIED EXCESS PLAN PLAN DOCUMENT

THE EXECUTIVE NONQUALIFIED EXCESS PLAN

Section 1. Purpose:

By execution of the Adoption Agreement, the Employer has adopted the Plan set forth herein, and in the Adoption Agreement, to provide a means by which certain management Employees or Independent Contractors of the Employer may elect to defer receipt of current Compensation from the Employer in order to provide retirement and other benefits on behalf of such Employees or Independent Contractors of the Employer, as selected in the Adoption Agreement. The Plan is intended to be a nonqualified deferred compensation plan that complies with the provisions of Section 409A of the Internal Revenue Code (the "Code"). The Plan is also intended to be an unfunded plan maintained primarily for the purpose of providing deferred compensation benefits for a select group of management or highly compensated employees under Sections 201(2), 301(a)(3) and 401(a)(1) of the Employee Retirement Income Security Act of 1974 ("ERISA") and independent contractors. Notwithstanding any other provision of this Plan, this Plan shall be interpreted, operated and administered in a manner consistent with these intentions.

Section 2. Definitions:

As used in the Plan, including this Section 2, references to one gender shall include the other, unless otherwise indicated by the context:

2.1 "Active Participant" means, with respect to any day or date, a Participant who is in Service on such day or date; provided, that a Participant shall cease to be an Active Participant (i) immediately upon a determination by the Committee that the Participant has ceased

to be an Employee or Independent Contractor, or (ii) at the end of the Plan Year that the Committee determines the Participant no longer meets the eligibility requirements of the Plan.

2.2 "Adoption Agreement" means the written agreement pursuant to which the Employer adopts the Plan. The Adoption Agreement is a part of the Plan as applied to the Employer.

2.3 "Beneficiary" means the person, persons, entity or entities designated or determined pursuant to the provisions of Section 13 of the Plan.

2.4 "Board" means the Board of Directors of the Company, if the Company is a corporation. If the Company is not a corporation, "Board" shall mean the Company.

2.5 "Change in Control Event" means an event described in Section 409A(a)(2)(A)(v) of the Code (or any successor provision thereto) and the regulations thereunder.

2.6 "Committee" means the persons or entity designated in the Adoption Agreement to administer the Plan. If the Committee designated in the Adoption Agreement is unable to serve, the Employer shall satisfy the duties of the Committee provided for in Section 9.

2.7 "Company" means the company designated in the Adoption Agreement as such.

2.8 "Compensation" shall have the meaning designated in the Adoption Agreement.

2.9 "Crediting Date" means the date designated in the Adoption Agreement for crediting the amount of any Participant Deferral Credits or Employer Credits to the Deferred Compensation Account of a Participant.

2.10 "Deferred Compensation Account" means the account or accounts maintained with respect to each Participant under the Plan. The Deferred Compensation Account shall be credited with Participant Deferral Credits and Employer Credits, credited or debited for deemed investment gains or losses, and adjusted for payments in accordance with the rules and elections in effect under Section 8. As permitted in the Adoption Agreement, the Deferred Compensation

Account of a Participant may consist of one or more accounts including In-Service or Education Accounts, if applicable. A Participant may elect payment options for each account as described in Section 7.1 and deemed investments for each account as described in Section 8.2.

2.11 "Disabled or Disability" means Disabled or Disability within the meaning of Section 409A of the Code and the regulations thereunder. Generally, this means that the Participant is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, or is, by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, receiving income replacement benefits for a period of not less than three months under an accident and health plan covering Employees of the Employer.

2.12 "Education Account" is an In-Service Account which will be used by the Participant for educational purposes.

2.13 "Effective Date" shall be the date designated in the Adoption Agreement.

2.14 "Employee" means an individual in the Service of the Employer if the relationship between the individual and the Employer is the legal relationship of employer and employee. An individual shall cease to be an Employee upon the Employee's Separation from Service.

2.15 "Employer" means the Company, as identified in the Adoption Agreement, and any Participating Employer which adopts this Plan. An Employer may be a corporation, a limited liability company, a partnership or sole proprietorship.

2.16 "Employer Credits" means the amounts credited to the Participant's Deferred Compensation Account by the Employer pursuant to the provisions of Section 4.2.

2.17 "Grandfathered Amounts" means, if applicable, the amounts that were deferred under the Plan and were earned and vested within the meaning of Section 409A of the Code and regulations thereunder as of December 31, 2004. Grandfathered Amounts shall be subject to the terms designated in the Plan which were in effect as of October 3, 2004.

2.18 "Independent Contractor" means an individual in the Service of the Employer if the relationship between the individual and the Employer is not the legal relationship of employer and employee. An individual shall cease to be an Independent Contractor upon the termination of the Independent Contractor's Service. An Independent Contractor shall include a director of the Employer who is not an Employee.

2.19 "In-Service Account" means a separate account to be kept for each Participant that has elected to take in-service distributions as described in Section 5.4. The In-Service Account shall be adjusted in the same manner and at the same time as the Deferred Compensation Account under Section 8 and in accordance with the rules and elections in effect under Section 8.

2.20 "Normal Retirement Age" of a Participant means the age designated in the Adoption Agreement.

2.21 "Participant" means with respect to any Plan Year an Employee or Independent Contractor who has been designated by the Committee as a Participant and who has entered the Plan or who has a Deferred Compensation Account under the Plan; provided that if the Participant is an Employee, the individual must be a highly compensated or management employee of the Employer within the meaning of Sections 201(2), 301(a)(3) and 401(a)(1) of ERISA.

2.22 "Participant Deferral Credits" means the amounts credited to the Participant's Deferred Compensation Account by the Employer pursuant to the provisions of Section 4.1.

2.23 "Participating Employer" means any trade or business (whether or not incorporated) which adopts this Plan with the consent of the Company identified in the Adoption Agreement.

2.24 "Participation Agreement" means a written agreement entered into between a Participant and the Employer pursuant to the provisions of Section 4.1

2.25 "Performance-Based Compensation" means compensation where the amount of, or entitlement to, the compensation is contingent on the satisfaction of preestablished organizational or individual performance criteria relating to a performance period of at least twelve months. Organizational or individual performance criteria are considered preestablished if established in writing within 90 days after the commencement of the period of service to which the criteria relates, provided that the outcome is substantially uncertain at the time the criteria are established. Performance-based compensation may include payments based upon subjective performance criteria as provided in regulations and administrative guidance promulgated under Section 409A of the Code.

2.26 "Plan" means The Executive Nonqualified Excess Plan, as herein set out and as set out in the Adoption Agreement, or as duly amended. The name of the Plan as applied to the Employer shall be designated in the Adoption Agreement.

2.27 "Plan-Approved Domestic Relations Order" shall mean a judgment, decree, or order (including the approval of a settlement agreement) which is:

2.27.1 Issued pursuant to a State's domestic relations law;

2.27.2 Relates to the provision of child support, alimony payments or marital property rights to a Spouse, former Spouse, child or other dependent of the Participant;

2.27.3 Creates or recognizes the right of a Spouse, former Spouse, child or other dependent of the Participant to receive all or a portion of the Participant's benefits under the Plan;

2.27.4 Requires payment to such person of their interest in the Participant's benefits in a lump sum payment at a specific time; and

2.27.5 Meets such other requirements established by the Committee.

2.28 "Plan Year" means the twelve-month period ending on the last day of the month designated in the Adoption Agreement; provided that the initial Plan Year may have fewer than twelve months.

2.29 "Qualifying Distribution Event" means (i) the Separation from Service of the Participant, (ii) the date the Participant becomes Disabled, (iii) the death of the Participant, (iv) the time specified by the Participant for an In-Service or Education Distribution, (v) a Change in Control Event, or (vi) an Unforeseeable Emergency, each to the extent provided in Section 5.

2.30 "Seniority Date" shall have the meaning designated in the Adoption Agreement.

2.31 "Separation from Service" or "Separates from Service" means a "separation from service" within the meaning of Section 409A of the Code.

2.32 "Service" as an Employee means employment by the Employer. For purposes of the Plan, the employment relationship is treated as continuing intact while the Employee is on military leave, sick leave, or other bona fide leave of absence if the period of such leave does not exceed six months, or if longer, so long as the Employee's right to reemployment is provided either by statute or contract. If the Participant is an Independent Contractor, "Service" shall mean the period during which the contractual relationship exists between the Employer and the Participant. The contractual relationship is not terminated if the Participant anticipates a renewal of the contract or becomes an Employee.

2.33 "Service Bonus" means any bonus paid to a Participant by the Employer which is not Performance-Based Compensation.

2.34 "Specified Employee" means an Employee who meets the requirements for key employee treatment under Section 416(i)(1)(A)(i), (ii) or (iii) of the Code (applied in accordance with the regulations thereunder and without regard to Section 416(i)(5) of the Code) at any time during the twelve month period ending on December 31 of each year (the "identification date"). If

the person is a key employee as of any identification date, the person is treated as a Specified Employee for the twelve-month period beginning on the first day of the fourth month following the identification date. Unless binding corporate action is taken to establish different rules for determining Specified Employees for all plans of the Company and its controlled group members that are subject to Section 409A of the Code, the foregoing rules and the other default rules under the regulations of Section 409A of the Code shall apply.

2.35 "Spouse" or "Surviving Spouse" means, except as otherwise provided in the Plan, a person who is the legally married spouse or surviving spouse of a Participant.

2.36 "Unforeseeable Emergency" means an "unforeseeable emergency" within the meaning of Section 409A of the Code.

2.37 "Years of Service" means each Plan Year of Service completed by the Participant. For vesting purposes, Years of Service shall be calculated from the date designated in the Adoption Agreement and Service shall be based on service with the Company and all Participating Employers.

Section 3. Participation:

The Committee in its discretion shall designate each Employee or Independent Contractor who is eligible to participate in the Plan. A Participant who Separates from Service with the Employer and who later returns to Service will not be an Active Participant under the Plan except upon satisfaction of such terms and conditions as the Committee shall establish upon the Participant's return to Service, whether or not the Participant shall have a balance remaining in his Deferred Compensation Account under the Plan on the date of the return to Service.

Section 4. Credits to Deferred Compensation Account:

4.1 Participant Deferral Credits. To the extent provided in the Adoption Agreement, each Active Participant may elect, by entering into a Participation Agreement with the Employer, to defer the receipt of Compensation from the Employer by a dollar amount or percentage specified in the Participation Agreement. The amount of Compensation the Participant elects to defer, the Participant Deferral Credit, shall be credited by the Employer to the Deferred Compensation Account maintained for the Participant pursuant to Section 8. The following special provisions shall apply with respect to the Participant Deferral Credits of a Participant:

4.1.1 The Employer shall credit to the Participant's Deferred Compensation Account on each Crediting Date an amount equal to the total Participant Deferral Credit for the period ending on such Crediting Date.

4.1.2 An election pursuant to this Section 4.1 shall be made by the Participant by executing and delivering a Participation Agreement to the Committee. Except as otherwise provided in this Section 4.1, the Participation Agreement shall become effective with respect to such Participant as of the first day of January following the date such Participation Agreement is received by the Committee. A Participant's election may be changed at any time prior to the last permissible date for making the election as permitted in this Section 4.1, and shall thereafter be irrevocable. Any election of a Participant shall continue in effect for the time period as set forth in the Adoption Agreement and shall be described as evergreen or non-evergreen as appropriate.

4.1.3 A Participant may execute and deliver a Participation Agreement to the Committee within 30 days after the date the Participant first becomes eligible to participate in the Plan. After the 30 day period expires, or after any shorter time period as agreed to by the Participant and the Committee, the latest election made by the Participant during that period becomes irrevocable. Such election shall then be effective as of the first payroll period commencing following the date the Participation Agreement becomes irrevocable. Whether a Participant is treated as newly eligible for participation under this Section shall be determined in accordance with Section 409A of the Code and the regulations thereunder, including (i) rules that treat all elective deferral account balance plans as one plan, and (ii) rules that treat a previously eligible Employee as newly eligible if his benefits had been previously distributed or if he has been ineligible for 24 months. For Compensation that is earned based upon a specified performance period (for example, an annual bonus), where a deferral election is made under this Section but after the beginning of the performance period, the election will only apply to the portion of the Compensation equal to the total amount of the Compensation for the service period multiplied by the ratio of the number of days remaining in the performance period after the date the election becomes irrevocable over the total number of days in the performance period.

4.1.4 A Participant may unilaterally modify a Participation Agreement (either to terminate, increase or decrease the portion of his future Compensation which is subject to deferral within the percentage limits set forth in Section 4.1 of the Adoption

Agreement) by providing a written modification of the Participation Agreement to the Committee. The modification shall become effective as of the first day of January following the date such written modification is received by the Committee, or at such later date as required under Section 409A of the Code.

4.1.5 If the Participant performed services continuously from the later of the beginning of the performance period or the date upon which the performance criteria are established through the date upon which the Participant makes an initial deferral election, a Participation Agreement relating to the deferral of Performance- Based Compensation may be executed and delivered to the Committee no later than the date which is 6 months prior to the end of the performance period, provided that in no event may an election to defer Performance-Based Compensation be made after such Compensation has become readily ascertainable.

4.1.6 If the Employer has a fiscal year other than the calendar year, Compensation relating to Service in the fiscal year of the Employer (such as a bonus based on the fiscal year of the Employer), of which no amount is paid or payable during the fiscal year, may be deferred at the Participant's election if the election to defer is made not later than the close of the Employer's fiscal year next preceding the first fiscal year in which the Participant performs any services for which such Compensation is payable.

4.1.7 Compensation payable after the last day of the Participant's taxable year solely for services provided during the final payroll period containing the last day of the Participant's taxable year (i.e., December 31) is treated for purposes of this Section 4.1 as Compensation for services performed in the subsequent taxable year.

4.1.8 The Committee may from time to time establish policies or rules consistent with the requirements of Section 409A of the Code to govern the manner in which Participant Deferral Credits may be made.

4.1.9 If a Participant becomes Disabled all currently effective deferral elections for such Participant shall be cancelled. At the time the participant is no longer Disabled, subsequent elections to defer future compensation will be permitted under this Section 4.

4.1.10 If a Participant applies for and receives a distribution on account of an Unforeseeable Emergency, all currently effective deferral elections for such Participant shall be cancelled. Subsequent elections to defer future compensation will be permitted under this Section 4.

4.1.11 If a Participant receives a hardship distribution from a 401(k) or a 403(b) plan that requires all currently effective deferral elections under all plans maintained by the Employer to be cancelled, then all currently effective deferral elections shall be cancelled until the later of the beginning of the next calendar year or six months after the date of the hardship distribution. Subsequent elections to defer future compensation under this Section 4 will not be effective until the later of the beginning of the next calendar year or six months after the date of the hardship distribution. If the effective date of such an election occurs after the beginning of the next calendar year, as permitted by the

Employer, a Participant may make elections for the next calendar year prior to January 1st of the next calendar year, but these elections will not become effective until the end of the six- month waiting period.

4.2 Employer Credits. If designated by the Employer in the Adoption Agreement, the Employer shall cause the Committee to credit to the Deferred Compensation Account of each Active Participant an Employer Credit as determined in accordance with the Adoption Agreement. A Participant must make distribution elections with respect to any Employer Credits credited to his Deferred Compensation Account by the deadline that would apply under Section 4.1 for distribution elections with respect to Participant Deferral Credits credited at the same time, on a Participation Agreement that is timely executed and delivered to the Committee pursuant to Section 4.1. If no distribution election is made, vested amounts in the Deferred Compensation Account will be distributed in a lump sum upon the earliest of any Qualifying Distribution Event limited to Separation from Service, Disability, Death or Change in Control.

4.3 Deferred Compensation Account. All Participant Deferral Credits and Employer Credits shall be credited to the Deferred Compensation Account of the Participant as provided in Section 8.

Section 5. Qualifying Distribution Events:

5.1 Separation from Service. If the Participant Separates from Service with the Employer, the vested balance in the Deferred Compensation Account shall be paid to the Participant by the Employer as provided in Section 7. Notwithstanding the foregoing, no distribution shall be made earlier than six months after the date of Separation from Service (or, if earlier, the date of death) with respect to a Participant who as of the date of Separation from Service is a Specified Employee of a corporation the stock in which is traded on an established securities market or otherwise. Any payments to which such Specified Employee would be entitled during the first six months following the date of Separation from Service shall be accumulated and paid on the first day of the seventh month following the date of Separation from

Service, and shall be adjusted for deemed investment gain and loss incurred during the six month period.

5.2 Disability. If the Employer designates in the Adoption Agreement that distributions are permitted under the Plan when a Participant becomes Disabled, and the Participant becomes Disabled while in Service, the vested balance in the Deferred Compensation Account shall be paid to the Participant by the Employer as provided in Section 7.

5.3 Death. If the Participant dies while in Service, the Employer shall pay a benefit to the Participant's Beneficiary in the amount designated in the Adoption Agreement. Payment of such benefit shall be made by the Employer as provided in Section 7.

5.4 In-Service or Education Distributions. If the Employer designates in the Adoption Agreement that in-service or education distributions are permitted under the Plan, a Participant may designate in the Participation Agreement to have a specified amount credited to the Participant's In-Service or Education Account for in-service or education distributions at the date specified by the Participant. In no event may an in- service or education distribution of an amount be made before the date that is two years after the first day of the year in which any deferral election to such In-Service or Education Account became effective. Notwithstanding the foregoing, if a Participant incurs a Qualifying Distribution Event prior to the date on which the entire balance in the In-Service or Education Account has been distributed, then the vested balance in the In-Service or Education Account on the date of the Qualifying Distribution Event shall be paid as provided under Section 7.1 for payments on such Qualifying Distribution Event.

5.5 Change in Control Event. If the Employer designates in the Adoption Agreement that distributions are permitted under the Plan upon the occurrence of a Change in Control Event, the Participant may designate in the Participation Agreement to have the vested balance in the Deferred Compensation Account paid to the Participant upon a Change in Control Event by the Employer as provided in Section 7.

5.6 Unforeseeable Emergency. If the Employer designates in the Adoption Agreement that distributions are permitted under the Plan upon the occurrence of an Unforeseeable Emergency event, a distribution from the Deferred Compensation Account may be made to a Participant in the event of an Unforeseeable Emergency, subject to the following provisions:

5.6.1 A Participant may, at any time prior to his Separation from Service for any reason, make application to the Committee to receive a distribution in a lump sum of all or a portion of the vested balance in the Deferred Compensation Account (determined as of the date the distribution, if any, is made under this Section 5.6) because of an Unforeseeable Emergency. A distribution because of an Unforeseeable Emergency shall not exceed the amount required to satisfy the Unforeseeable Emergency plus amounts necessary to pay taxes reasonably anticipated as a result of such distribution, after taking into account the extent to which the Unforeseeable Emergency may be relieved through reimbursement or compensation by insurance or otherwise or by liquidation of the Participant's assets (to the extent the liquidation of such assets would not itself cause severe financial hardship) or by stopping current deferrals under the Plan pursuant to Section 4.1.10.

5.6.2 The Participant's request for a distribution on account of Unforeseeable Emergency must be made in writing to the Committee. The request must specify the nature of the financial hardship, the total amount requested to be distributed from the Deferred Compensation Account, and the total amount of the actual expense incurred or to be incurred on account of the Unforeseeable Emergency.

5.6.3 If a distribution under this Section 5.6 is approved by the Committee, such distribution will be made as soon as practicable following the date it is approved. The processing of the request shall be completed as soon as practicable from the date on which the Committee receives the properly completed written request for a distribution on account of an Unforeseeable Emergency. If a Participant's Separation from Service occurs after a request is approved in accordance with this Section 5.6.3, but prior to distribution of the full amount approved, the approval of the request shall be automatically null and void and the benefits which the Participant is entitled to receive under the Plan shall be distributed in accordance with the applicable distribution provisions of the Plan.

5.6.4 The Committee may from time to time adopt additional policies or rules consistent with the requirements of Section 409A of the Code to govern the manner in which such distributions may be made so that the Plan may be conveniently administered.

Section 6. Vesting:

A Participant shall be fully vested in the portion of his Deferred Compensation Account attributable to Participant Deferral Credits, and all income, gains and losses attributable thereto. A Participant shall become fully vested in the portion of his Deferred Compensation Account attributable to Employer Credits, and income, gains and losses attributable thereto, in accordance with the vesting schedule and provisions designated by the Employer in the Adoption Agreement. If a Participant's Deferred Compensation Account is not fully vested upon Separation from Service, the portion of the Deferred Compensation Account that is not fully vested shall thereupon be forfeited.

Section 7. Distribution Rules:

7.1 Payment Options. The Employer shall designate in the Adoption Agreement the payment options which may be elected by the Participant (lump sum, annual installments, or a combination of both). Different payment options may be made available for each Qualifying Distribution Event, and different payment options may be available for different types of Separations from Service, all as designated in the Adoption Agreement. The Participant shall elect in the Participation Agreement the method under which the vested balance in the Deferred Compensation Account will be distributed from among the designated payment options. The Participant may at such time elect a different method of payment for each Qualifying Distribution Event as specified in the Adoption Agreement. If the Participant is permitted by the Employer in the Adoption Agreement to elect different payment options and does not make a valid election, the vested balance in the Deferred Compensation Account will be distributed as a lump sum upon the Qualifying Distribution Event.

Notwithstanding the foregoing, if certain Qualifying Distribution Events occur prior to the date on which the vested balance of a Participant's Deferred Compensation Account is completely paid pursuant to this Section 7.1 following the occurrence of certain Qualifying Distribution Events, the following rules apply:

7.1.1 If the currently effective Qualifying Distribution Event is a Separation from Service or Disability, and the Participant subsequently dies, the remaining unpaid vested balance of a Participant's Deferred Compensation Account shall be paid as a lump sum.

7.1.2 If the currently effective Qualifying Distribution Event is a Change in Control Event, and any subsequent Qualifying Distribution Event occurs (except an In-Service or Education Distribution described in Section 2.29(iv)), the remaining unpaid vested balance of a Participant's Deferred Compensation Account shall be paid as provided under Section 7.1 for payments on such subsequent Qualifying Distribution Event.

7.2 Timing of Payments. Payment shall be made in the manner elected by the Participant and shall commence as soon as practicable after (but no later than 60 days after) the distribution date specified for the Qualifying Distribution Event. For each payment, the Committee must specify a date for the Deferred Compensation Account(s) to be valued. In the event the Participant fails to make a valid election of the payment method, the distribution will be made in a single lump sum payment as soon as practicable after (but no later than 60 days after) the Qualifying Distribution Event. A payment may be further delayed to the extent permitted in accordance with regulations and guidance under Section 409A of the Code.

7.3 Installment Payments. If the Participant elects to receive installment payments upon a Qualifying Distribution Event, the payment of each installment shall be made on the anniversary of the date of the first installment payment, and the amount of the installment shall be adjusted on such anniversary for credits or debits to the Participant's account pursuant to Section 8 of the Plan. Such adjustment shall be made by dividing the balance in the Deferred Compensation Account on such date by the number of installments remaining to be paid hereunder; provided that the last installment due under the Plan shall be the entire amount credited to the Participant's account on the date of payment.

7.4 De Minimis Amounts. Notwithstanding any payment election made by the Participant, if the Employer designates a pre-determined de minimis amount in the Adoption Agreement, the vested balance in all Deferred Compensation Accounts of the Participant will be

distributed in a single lump sum payment if at the time of a permitted Qualifying Distribution Event the vested balance does not exceed such pre-determined de minimis amount; provided, however, that such distribution will be made only where the Qualifying Distribution Event is a Separation from Service, death, Disability (if applicable) or Change in Control Event (if applicable). Such payment shall be made on or before the later of (i) December 31 of the calendar year in which the Qualifying Distribution Event occurs, or (ii) the date that is 2-1/2 months after the Qualifying Distribution Event occurs. In addition, the Employer may distribute a Participant's vested balance in all of the Participant's Deferred Compensation Accounts at any time if the balance does not exceed the limit in Section 402(g)(1)(B) of the Code and results in the termination of the Participant's entire interest in the Plan as provided under Section 409A of the Code.

7.5 Subsequent Elections. With the consent of the Committee, a Participant may delay or change the method of payment of the Deferred Compensation Account subject to the following requirements:

7.5.1 The new election may not take effect until at least 12 months after the date on which the new election is made.

7.5.2 If the new election relates to a payment for a Qualifying Distribution Event other than the death of the Participant, the Participant becoming Disabled, or an Unforeseeable Emergency, the new election must provide for the deferral of the payment for a period of at least five years from the date such payment would otherwise have been made.

7.5.3 If the new election relates to a payment from the In-Service or Education Account, the new election must be made at least 12 months prior to the date of the first scheduled payment from such account.

For purposes of this Section 7.5 and Section 7.6, a payment is each separately identified amount to which the Participant is entitled under the Plan; provided, that entitlement to a series of installment payments is treated as the entitlement to a single payment.

7.6 Acceleration Prohibited. The acceleration of the time or schedule of any payment due under the Plan is prohibited except as expressly provided in regulations and

administrative guidance promulgated under Section 409A of the Code (such as accelerations for domestic relations orders and employment taxes). It is not an acceleration of the time or schedule of payment if the Employer waives or accelerates the vesting requirements applicable to a benefit under the Plan.

7.7 Residual Distributions. If calculation of the amount of any credit to a Participant's Deferred Compensation Account is not administratively practicable due to events beyond the control of the Employer, payments may be made to the Participant for residual amounts contributed to or remaining in a Deferred Compensation Account after payments under the provisions of this Section 7 have commenced or been completed. The residual amount shall be credited to the Deferred Compensation Account when the calculation of the amount becomes administratively practicable. Examples of residual amounts include, but are not limited to, additional investment returns credited after payment (due to dividends or pricing changes) or additional contributions made after payment (such as an annual bonus deferral or an Employer Credit). Payments that would have been made had the residual amount been calculable at the benefit commencement date shall be made up as soon as practicable after crediting to the Deferred Compensation Account, in no case later than the end of the year in which calculation of the amount becomes administratively practicable.

7.8 Ineffective Deferrals. If a Participant deferral election under Section 4 to contribute to an In-Service or Education Account carries over to a subsequent year (an evergreen election) and the deferral election is ineffective (i.e., the distribution election would cause payment in the current or prior years), the amount deferred will be credited to a Deferred Compensation Account that is not an In-Service or Education Account. If the Participant only has one account of this type, the amount deferred will be credited to that account. If the Participant has multiple accounts of this type, and one of the accounts has a lump sum at Separation from Service distribution election, the amount deferred will be credited to that account. If the Participant has multiple accounts of this type and does not have an account with a lump sum at

Separation from Service distribution election, one will be established with a lump sum at Separation from Service distribution election and the amount deferred will be credited to this account.

Section 8. Accounts; Deemed Investment; Adjustments to Account:

8.1 Accounts. The Committee shall establish a book reserve account, entitled the "Deferred Compensation Account," on behalf of each Participant. The Committee shall also establish an In-Service or Education Account as a part of the Deferred Compensation Account of each Participant, if applicable. The amount credited to the Deferred Compensation Account shall be adjusted pursuant to the provisions of Section 8.3.

8.2 Deemed Investments. The Deferred Compensation Account of a Participant shall be credited with an investment return determined as if the account were invested in one or more investment funds made available by the Committee. The Participant shall elect the investment funds in which his Deferred Compensation Account shall be deemed to be invested. Such election shall be made in the manner prescribed by the Committee and shall take effect upon the entry of the Participant into the Plan. The investment election of the Participant shall remain in effect until a new election is made by the Participant. In the event the Participant fails for any reason to make an effective election of the investment return to be credited to his account, the investment return shall be determined by the Committee.

8.3 Adjustments to Deferred Compensation Account. With respect to each Participant who has a Deferred Compensation Account under the Plan, the amount credited to such account shall be adjusted by the following debits and credits, at the times and in the order stated:

8.3.1 The Deferred Compensation Account shall be debited each business day with the total amount of any payments made from such account since the last preceding business day to him or for his benefit. Unless otherwise specified by the Employer, each deemed investment fund will be debited pro-rata based on the value of the investment funds as of the end of the preceding business day.

8.3.2 The Deferred Compensation Account shall be credited on each Crediting Date with the total amount of any Participant Deferral Credits and Employer Credits to such account since the last preceding Crediting Date.

8.3.3 The Deferred Compensation Account shall be credited or debited on each day securities are traded on a national stock exchange with the amount of deemed investment gain or loss resulting from the performance of the deemed investment funds elected by the Participant in accordance with Section 8.2. The amount of such deemed investment gain or loss shall be determined by the Committee and such determination shall be final and conclusive upon all concerned.

Section 9. Administration by Committee:

9.1 Membership of Committee. If the Committee consists of individuals appointed by the Board, they will serve at the pleasure of the Board. Any member of the Committee may resign, and his successor, if any, shall be appointed by the Board.

9.2 General Administration. The Committee shall be responsible for the operation and administration of the Plan and for carrying out its provisions. The Committee shall have the full authority and discretion to make, amend, interpret, and enforce all appropriate rules and regulations for the administration of this Plan and decide or resolve any and all questions, including interpretations of this Plan, as may arise in connection with this Plan. Any such action taken by the Committee shall be final and conclusive on any party. To the extent the Committee has been granted discretionary authority under the Plan, the Committee's prior exercise of such authority shall not obligate it to exercise its authority in a like fashion thereafter. The Committee shall be entitled to rely conclusively upon all tables, valuations, certificates, opinions and reports furnished by any actuary, accountant, controller, counsel or other person employed or engaged by the Employer with respect to the Plan. The Committee may, from time to time, employ agents and delegate to such agents, including Employees of the Employer, such administrative or other duties as it sees fit.

9.3 Indemnification. To the extent not covered by insurance, the Employer shall indemnify the Committee, each Employee, officer, director, and agent of the Employer, and all persons formerly serving in such capacities, against any and all liabilities or expenses, including all

legal fees relating thereto, arising in connection with the exercise of their duties and responsibilities with respect to the Plan, provided however that the Employer shall not indemnify any person for liabilities or expenses due to that person's own gross negligence or willful misconduct.

Section 10. Contractual Liability, Trust:

10.1 Contractual Liability. Unless otherwise elected in the Adoption Agreement, the Company shall be obligated to make all payments hereunder. This obligation shall constitute a contractual liability of the Company to the Participants, and such payments shall be made from the general funds of the Company. The Company shall not be required to establish or maintain any special or separate fund, or otherwise to segregate assets to assure that such payments shall be made, and the Participants shall not have any interest in any particular assets of the Company by reason of its obligations hereunder. To the extent that any person acquires a right to receive payment from the Company under the Plan, such right shall be no greater than the right of an unsecured creditor of the Company.

10.2 Trust. The Employer may establish a trust to assist it in meeting its obligations under the Plan. Any such trust shall conform to the requirements of a grantor trust under Revenue Procedures 92-64 and 92-65 and at all times during the continuance of the trust the principal and income of the trust shall be subject to claims of general creditors of the Employer under federal and state law. The establishment of such a trust would not be intended to cause Participants to realize current income on amounts contributed thereto, and the trust would be so interpreted and administered.

Section 11. Allocation of Responsibilities:

The persons responsible for the Plan and the duties and responsibilities allocated to each are as follows:

11.1 Board.

- (i) To amend the Plan;
- (ii) To appoint and remove members of the Committee; and To terminate the Plan as permitted in Section 14.
- (iii)

11.2 Committee.

- (i) To designate Participants;
- (ii) To interpret the provisions of the Plan and to determine the rights of the Participants under the Plan, except to the extent otherwise provided in Section 16 relating to claims procedure;
- (iii) To administer the Plan in accordance with its terms, except to the extent powers to administer the Plan are specifically delegated to another person or persons as provided in the Plan;
- (iv) To account for the amount credited to the Deferred Compensation Account of a Participant;
- (v) To direct the Employer in the payment of benefits;
- (vi) To file such reports as may be required with the United States Department of Labor, the Internal Revenue Service and any other government agency to which reports may be required to be submitted from time to time; and
- (vii) To administer the claims procedure to the extent provided in Section 16.

Section 12. Benefits Not Assignable; Facility of Payments:

12.1 Benefits Not Assignable. No portion of any benefit credited or paid under the Plan with respect to any Participant shall be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance or charge, and any attempt so to anticipate, alienate, sell, transfer, assign, pledge, encumber or charge the same shall be void, nor shall any portion of such benefit be in any manner payable to any assignee, receiver or any one trustee, or be liable for his debts, contracts, liabilities, engagements or torts.

12.2 Plan-Approved Domestic Relations Orders. The Committee shall establish procedures for determining whether an order directed to the Plan is a Plan- Approved Domestic Relations Order. If the Committee determines that an order is a Plan- Approved Domestic

Relations Order, the Committee shall cause the payment of amounts pursuant to or segregate a separate account as provided by (and to prevent any payment or act which might be inconsistent with) the Plan-Approved Domestic Relations Order notwithstanding Section 12.1.

12.3 Payments to Minors and Others. If any individual entitled to receive a payment under the Plan shall be physically, mentally or legally incapable of receiving or acknowledging receipt of such payment, the Committee, upon the receipt of satisfactory evidence of his incapacity and satisfactory evidence that another person or institution is maintaining him and that no guardian or committee has been appointed for him, may cause any payment otherwise payable to him to be made to such person or institution so maintaining him. Payment to such person or institution shall be in full satisfaction of all claims by or through the Participant to the extent of the amount thereof.

Section 13. Beneficiary:

The Participant's Beneficiary shall be the person, persons, entity or entities designated by the Participant on the Beneficiary designation form provided by and filed with the Committee or its designee. If the Participant does not designate a Beneficiary, the Beneficiary shall be his Surviving Spouse. If the Participant does not designate a Beneficiary and has no Surviving Spouse, the Beneficiary shall be the Participant's estate. The designation of a Beneficiary may be changed or revoked only by filing a new Beneficiary designation form with the Committee or its designee. If a Beneficiary (the "primary Beneficiary") is receiving or is entitled to receive payments under the Plan and dies before receiving all of the payments due him, the balance to which he is entitled shall be paid to the contingent Beneficiary, if any, named in the Participant's current Beneficiary designation form. If there is no contingent Beneficiary, the balance shall be paid to the estate of the primary Beneficiary. Any Beneficiary may disclaim all or any part of any benefit to which such Beneficiary shall be entitled hereunder by filing a

written disclaimer with the Committee before payment of such benefit is to be made. Such a disclaimer shall be made in a form satisfactory to the Committee and shall be irrevocable when filed. Any benefit disclaimed shall be payable from the Plan in the same manner as if the Beneficiary who filed the disclaimer had predeceased the Participant.

Section 14. Amendment and Termination of Plan:

The Company may amend any provision of the Plan or terminate the Plan at any time; provided, that in no event shall such amendment or termination reduce the balance in any Participant's Deferred Compensation Account as of the date of such amendment or termination, nor shall any such amendment materially adversely affect the Participant relating to the payment of such Deferred Compensation Account. Notwithstanding the foregoing, the following special provisions shall apply:

14.1 Termination in the Discretion of the Employer. Except as otherwise provided in Sections 14.2, the Company in its discretion may terminate the Plan and distribute benefits to Participants subject to the following requirements and any others specified under Section 409A of the Code:

14.1.1 All arrangements sponsored by the Employer that would be aggregated with the Plan under Section 1.409A-1(c) of the Treasury Regulations are terminated.

14.1.2 No payments other than payments that would be payable under the terms of the Plan if the termination had not occurred are made within 12 months of the termination date.

14.1.3 All benefits under the Plan are paid within 24 months of the termination date.

14.1.4 The Employer does not adopt a new arrangement that would be aggregated with the Plan under Section 1.409A-1(c) of the Treasury Regulations providing for the deferral of compensation at any time within 3 years following the date of termination of the Plan.

14.1.5 The termination does not occur proximate to a downturn in the financial health of the Employer.

14.2 Termination Upon Change in Control Event. If the Company terminates the Plan within thirty days preceding or twelve months following a Change in Control Event, the Deferred Compensation Account of each Participant shall become payable to the Participant in a lump sum within twelve months following the date of termination, subject to the requirements of Section 409A of the Code.

Section 15. Communication to Participants:

The Employer shall make a copy of the Plan available for inspection by Participants and their beneficiaries during reasonable hours at the principal office of the Employer.

Section 16. Claims Procedure:

The following claims procedure shall apply with respect to the Plan:

16.1 Filing of a Claim for Benefits. If a Participant or Beneficiary (the "claimant") believes that he is entitled to benefits under the Plan which are not being paid to him or which are not being accrued for his benefit, he shall file a written claim therefore with the Committee.

16.2 Notification to Claimant of Decision. Within 90 days after receipt of a claim by the Committee (or within 180 days if special circumstances require an extension of time), the Committee shall notify the claimant of the decision with regard to the claim. In the event of such special circumstances requiring an extension of time, there shall be furnished to the claimant prior to expiration of the initial 90-day period written notice of the extension, which notice shall set forth the special circumstances and the date by which the decision shall be furnished. If such claim shall be wholly or partially denied, notice thereof shall be in writing and worded in a manner calculated to be understood by the claimant, and shall set forth: (i) the specific reason or reasons for the denial; (ii) specific reference to pertinent provisions of the Plan on which the

denial is based; (iii) a description of any additional material or information necessary for the claimant to perfect the claim and an explanation of why such material or information is necessary; and (iv) an explanation of the procedure for review of the denial and the time limits applicable to such procedures, including a statement of the claimant's right to bring a civil action under ERISA following an adverse benefit determination on review.

16.3 Procedure for Review. Within 60 days following receipt by the claimant of notice denying his claim, in whole or in part, or, if such notice shall not be given, within 60 days following the latest date on which such notice could have been timely given, the claimant may appeal denial of the claim by filing a written application for review with the Committee. Following such request for review, the Committee shall fully and fairly review the decision denying the claim. Prior to the decision of the Committee, the claimant shall be given an opportunity to review pertinent documents and to submit issues and comments in writing.

16.4 Decision on Review. The decision on review of a claim denied in whole or in part by the Committee shall be made in the following manner:

16.4.1 Within 60 days following receipt by the Committee of the request for review (or within 120 days if special circumstances require an extension of time), the Committee shall notify the claimant in writing of its decision with regard to the claim. In the event of such special circumstances requiring an extension of time, written notice of the extension shall be furnished to the claimant prior to the commencement of the extension.

16.4.2 With respect to a claim that is denied in whole or in part, the decision on review shall set forth specific reasons for the decision, shall be written in a manner calculated to be understood by the claimant, and shall set forth:

- (i) the specific reason or reasons for the adverse determination;
- (ii) specific reference to pertinent Plan provisions on which the adverse determination is based;
- (iii) a statement that the claimant is entitled to receive, upon request and free of charge, reasonable access to, and copies of, all documents, records, and other information relevant to the claimant's claim for benefits; and

(iv) a statement describing any voluntary appeal procedures offered by the Plan and the claimant's right to obtain the

(i) information about such procedures, as well as a statement of the claimant's right to bring an action under ERISA section 502(a).

16.4.3 The decision of the Committee shall be final and conclusive.

16.5 Action by Authorized Representative of Claimant. All actions set forth in this Section 16 to be taken by the claimant may likewise be taken by a representative of the claimant duly authorized by him to act in his behalf on such matters. The Committee may require such evidence of the authority to act of any such representative as it may reasonably deem necessary or advisable.

16.6 Disability Claims

Notwithstanding any provision of the Plan to the contrary, if a claim for benefits is based on Disability, the following claims procedures shall apply: The Committee shall maintain a procedure under which any Participant or Beneficiary can file a claim for benefits under this Plan based on Disability.

16.6.1 After receiving a claim for benefits, the Committee will notify the Participant or Beneficiary of its claim determination within 45 days of the receipt of the claim. This period may be extended by 30 days if an extension is necessary to process the claim due to matters beyond the control of the Committee. A written notice of the extension, the reason for the extension and when the Committee expects to decide the claim, will be furnished to the Participant or Beneficiary within the initial 45-day period. This period may be extended for an additional 30 days beyond the original extension. A written notice of the additional extension, the reason for the additional extension and when the Committee expects to decide the claim, will be furnished to the Participant or Beneficiary within the first 30-day extension period if an additional extension of time is needed. However, if a period of time is extended due to a Participant or Beneficiary's failure to submit information necessary to decide a claim, the period for making the benefit determination by the Committee will be tolled from the date on which the notification of the extension is sent to the Participant or Beneficiary until the date on which the Participant or Beneficiary responds to the request for additional information.

16.6.2 If a claim for benefits is denied, in whole or in part, a Participant or Beneficiary or his or her authorized representative, will receive a written notice of the denial. The notice will follow the rules of 29 C.F.R. § 2560.503-1(o) for culturally and

linguistically appropriate notices and will be written in a manner calculated to be understood by the Participant or Beneficiary. The notice will include:

- (i) the specific reason(s) for the denial,
- (ii) references to the specific Plan provisions on which the benefit determination was based,
- (iii) a description of any additional material or information necessary to perfect a claim and an explanation of why such information is necessary,
- (iv) a description of the Committee's appeals procedures and applicable time limits, including, to the extent applicable, a statement of the right to bring a civil action under section 502(a) of ERISA following an adverse benefit determination on review,
- (v) a discussion of the decision, including an explanation of the basis for disagreeing with or not following: (i) the views presented by the claimant to the Committee of health care professionals treating the claimant and vocational professionals who evaluated the claimant; (ii) the views of medical or vocational experts whose advice was obtained on behalf of the Committee in connection with a claimant's adverse benefit determination, without regard to whether the advice was relied upon in making the benefit determination; and (iii) a disability determination regarding the claimant presented by the claimant to the Committee made by the Social Security Administration,
- (vi) if the determination is based on medical necessity or experimental treatment or similar exclusion or limit, either an explanation of the scientific or clinical judgment for the determination, applying the terms of the Plan to the relevant medical circumstances, or a statement that such explanation will be provided free of charge upon request,
- (vii) either the specific internal rules, guidelines, protocols, standards or other similar criteria of the Plan relied upon in making the adverse benefit determination, or a statement that such rules, guidelines, protocols, standards, or other similar criteria of the Plan do not exist, and
- (i) (viii) a statement that the Participant or Beneficiary is entitled to receive, upon request and free of charge, reasonable access to, and copies of, all documents, records, and other information relevant to his or her claim for benefits.

16.6.3 If a claim for benefits is denied, a Participant or Beneficiary, or his or her representative, may appeal the denied claim in writing within 180 days of receipt of the

written notice of denial. The Participant or Beneficiary may submit any written comments, documents, records and any other information relating to the claim. Upon request, the Participant or Beneficiary will also have access to, and the right to obtain copies of, all documents, records and information relevant to his or her claim free of charge.

16.6.4 A full review of the information in the claim file and any new information submitted to support the appeal will be conducted. The claim decision will be made by a first review appeals committee appointed by the Employer. This committee will consist of individuals who were not involved in the initial benefit determination, nor will such individuals be subordinate to any person involved in the initial benefit determination. This review will not afford any deference to the initial benefit determination.

16.6.5 If the initial adverse decision was based in whole or in part on a medical judgment, the first review appeals committee will consult with a healthcare professional who has appropriate training and experience in the field of medicine involved in the medical judgment, was not consulted in the initial adverse benefit determination and is not a subordinate of the healthcare professional who was consulted in the initial adverse benefit determination.

16.6.6 Before an adverse benefit determination on review is issued, the first review appeals committee will provide the Participant or Beneficiary, free of charge, with any new or additional evidence considered, relied upon, or generated by the committee or other person making the benefit determination (or at the direction of the committee or such other person) in connection with the claim. Such evidence will be provided as soon as possible and sufficiently in advance of the date on which the notice of adverse benefit determination on review is required to be provided to give the Participant or Beneficiary a reasonable opportunity to respond prior to that date.

16.6.7 Before the first review appeals committee issues an adverse benefit determination on review based on a new or additional rationale, the committee will provide the Participant or Beneficiary, free of charge, with the rationale. The rationale will be provided as soon as possible and sufficiently in advance of the date on which the notice of adverse benefit determination on review is required to be provided to give the Participant or Beneficiary a reasonable opportunity to respond prior to that date.

16.6.8 The first review appeals committee will make a determination on an appealed claim within 45 days of the receipt of an appeal request. This period may be extended for an additional 45 days if the committee determines that special circumstances require an extension of time. A written notice of the extension, the reason for the extension and the date that the committee expects to render a decision will be furnished to the Participant or Beneficiary within the initial 45-day period. However, if the period of time is extended due to a Participant's or Beneficiary's failure to submit information necessary to decide the appeal, the period for making the benefit determination will be tolled from the date on which the notification of the extension is sent until the date on which the Participant or Beneficiary responds to the request for additional information.

16.6.9 If the claim on appeal is denied in whole or in part, a Participant or Beneficiary will receive a written notification of the denial. The notice will follow the rules of 29 C.F.R. § 2560.503-1(o) for culturally and linguistically appropriate notices

and will be written in a manner calculated to be understood by the claimant. The notice will include:

- (i) the specific reason(s) for the adverse determination,
- (ii) references to the specific Plan provisions on which the determination was based,
- (iii) a statement regarding the right to receive upon request and free of charge reasonable access to, and copies of, all records, documents and other information relevant to the benefit claim,
- (iv) a description of the first review appeals committee's review procedures and applicable time limits, including a statement of the right to bring a civil action under section 502(a) of ERISA following an adverse benefit determination on review,
- (v) a discussion of the decision, including an explanation of the basis for disagreeing with or not following: (i) the views presented by the claimant to the committee of health care professionals treating the claimant and vocational professionals who evaluated the claimant; (ii) the views of medical or vocational experts whose advice was obtained by or on behalf of the committee in connection with a claimant's adverse benefit determination, without regard to whether the advice was relied upon in making the benefit determination; and (iii) a disability determination regarding the claimant presented by the claimant to the committee made by the Social Security Administration,
- (i) (vi) if the determination is based on medical necessity or experimental treatment or similar exclusion or limit, either an explanation of the scientific or clinical judgment for the determination, applying the terms of the Plan to the relevant medical circumstances, or a statement that such explanation will be provided free of charge upon request, and
- (vii) either the specific internal rules, guidelines, protocols, standards or other similar criteria of the Plan relied upon in making the adverse benefit determination, or a statement that such rules, guidelines, protocols, standards, or other similar criteria of the Plan do not exist.

16.6.10 If the appeal of the benefit claim denial is denied, a Participant or Beneficiary, or his or her representative, may make a second appeal of the denial in writing to the Committee within 180 days of the receipt of the written notice of denial. The Participant or Beneficiary may submit with the second appeal any written comments, documents, records and any other information relating to the claim. Upon request, the Participant or Beneficiary will also have access to, and the right to obtain copies of, all documents, records and information relevant to the claim free of charge.

16.6.11 Upon receipt of the second appeal, a full review of the information in the claim file and any new information submitted to support the appeal will be conducted. The claim decision will be made by a second review appeals committee appointed by the Employer. This committee will consist of individuals who were not involved in the initial benefit determination or the first review appeals committee, nor will such individuals be subordinate to any person involved in the initial benefit or first appeal determination.

16.6.12 If the first appeal was based in whole or in part on a medical judgment, the second appeals review committee will consult with a healthcare professional who has appropriate training and experience in the field of medicine involved in the medical judgment, was not consulted in the initial adverse benefit determination nor in the first appeal and is not a subordinate of the healthcare professional(s) consulted in the initial adverse benefit determination and first appeal.

16.6.13 Before the second appeals review committee issues a denial of the second claim appeal, the committee will provide the Participant or Beneficiary, free of charge, with any new or additional evidence considered, relied upon, or generated by the committee or other person making the benefit determination (or at the direction of the committee or such other person) in connection with the claim. Such evidence will be provided as soon as possible and sufficiently in advance of the date on which the notice of adverse benefit determination on review is required to be provided to give the Participant or Beneficiary a reasonable opportunity to respond prior to that date.

16.6.14 Before the second review appeals committee issues a denial of the second claim appeal based on a new or additional rationale, the committee will provide the Participant or Beneficiary, free of charge, with the rationale. The rationale will be provided as soon as possible and sufficiently in advance of the date on which the notice of adverse benefit determination on review is required to be provided to give the Participant or Beneficiary a reasonable opportunity to respond prior to that date.

16.6.15 The second appeals review committee will make a determination on the second claim appeal within 45 days of the receipt of the appeal request. This period may be extended for an additional 45 days if the committee determines that special circumstances require an extension of time. A written notice of the extension, the reason for the extension and the date that the committee expects to render a decision will be furnished to the Participant or Beneficiary within the initial 45-day period. However, if the period of time is extended due to the Participant's or Beneficiary's failure to submit information necessary to decide the appeal, the period for making the benefit determination will be tolled from the date on which the notification of the extension is sent until the date on which the Participant or Beneficiary responds to the request for additional information.

16.6.16 If the claim on appeal is denied in whole or in part for a second time, the Participant or Beneficiary will receive a written notification of the denial. The notice will follow the rules of 29 C.F.R. § 2560.503-1(o) for culturally and linguistically appropriate notices and will be written in a manner calculated to be understood by the applicant. The notice will include the same information that was included in the first adverse determination letter and will identify the contractual limitations period that applies to the

Participant's or Beneficiary's right to bring an action under section 502(a) of ERISA including the calendar date on which the contractual limitations period expires for the claim.

16.6.17 A claimant may not commence a judicial proceeding against any person, including the Committee, the Employer, the Board, the first or second appeals review committee(s), or any other person or committee, with respect to a claim for benefits without first exhausting the claims procedures set forth in the preceding paragraphs. No suit or legal action contesting in whole or in part any denial of benefits under the Plan shall be commenced later than the earlier of (i) the first anniversary of (A) the date of the notice of the Committee's final decision on appeal, or (B) if the claimant fails to request any level of administrative review within the timeframe permitted under this Section 16.6, the deadline for requesting the next level of administrative review, and (ii) the last date on which such legal action could be commenced under the applicable statute of limitations under ERISA (including, for this purpose, any applicable state statute of limitations that applies under ERISA to such legal action).

16.6.18 A claimant has the right to request a written explanation of any violation of these claims procedures. The Committee will provide an explanation within 10 days of the request.

Section 17. Miscellaneous Provisions:

17.1 Set off. The Employer may at any time offset a Participant's Deferred Compensation Account by an amount up to \$5,000 to collect the amount of any loan, cash advance, extension of other credit or other obligation of the Participant to the Employer that is then due and payable in accordance with the requirements of Section 409A of the Code.

17.2 Notices. Each Participant who is not in Service and each Beneficiary shall be responsible for furnishing the Committee or its designee with his current address for the mailing of notices and benefit payments. Any notice required or permitted to be given to such Participant or Beneficiary shall be deemed given if directed to such address and mailed by regular United States mail, first class, postage prepaid. If any check mailed to such address is returned as undeliverable to the addressee, mailing of checks will be suspended until the Participant or Beneficiary furnishes the proper address. This provision shall not be construed as requiring the mailing of any notice or notification otherwise permitted to be given by posting or by other publication.

17.3 Lost Distributees. A benefit shall be deemed forfeited if the Committee is unable to locate the Participant or Beneficiary to whom payment is due by the fifth anniversary of the date payment is to be made or commence; provided, that the deemed investment rate of return pursuant to Section 8.2 shall cease to be applied to the Participant's account following the first anniversary of such date; provided further, however, that such benefit shall be reinstated if a valid claim is made by or on behalf of the Participant or Beneficiary for all or part of the forfeited benefit.

17.4 Reliance on Data. The Employer and the Committee shall have the right to rely on any data provided by the Participant or by any Beneficiary. Representations of such data shall be binding upon any party seeking to claim a benefit through a Participant, and the Employer and the Committee shall have no obligation to inquire into the accuracy of any representation made at any time by a Participant or Beneficiary.

17.5 Headings. The headings and subheadings of the Plan have been inserted for convenience of reference and are to be ignored in any construction of the provisions hereof.

17.6 Continuation of Employment. The establishment of the Plan shall not be construed as conferring any legal or other rights upon any Employee or any persons for continuation of employment, nor shall it interfere with the right of the Employer to discharge any Employee or to deal with him without regard to the effect thereof under the Plan.

17.7 Merger or Consolidation; Assumption of Plan. No Employer shall consolidate or merge into or with another corporation or entity, or transfer all or substantially all of its assets to another corporation, partnership, trust or other entity (a "Successor Entity") unless such Successor Entity shall assume the rights, obligations and liabilities of the Employer under the Plan and upon such assumption, the Successor Entity shall become obligated to perform the terms and conditions of the Plan. Nothing herein shall prohibit the assumption of the obligations and liabilities of the Employer under the Plan by any Successor Entity.

17.8 Construction. The Employer shall designate in the Adoption Agreement the state according to whose laws the provisions of the Plan shall be construed and enforced, except to the extent that such laws are superseded by ERISA and the applicable requirements of the Code.

17.9 Taxes. The Employer or other payor may withhold a benefit payment under the Plan or a Participant's wages, or the Employer may reduce a Participant's Deferred Compensation Account balance, in order to meet any federal, state, or local or employment tax withholding obligations with respect to Plan benefits, as permitted under Section 409A of the Code. The Employer or other payor shall report Plan payments and other Plan-related information to the appropriate governmental agencies as required under applicable laws.

THIRD AMENDED AND RESTATED
RECEIVABLES PURCHASE AGREEMENT

dated as of December 3, 2010

among

PDC FUNDING COMPANY, LLC, as Seller,

PATTERSON COMPANIES, INC., as Servicer,

THE CONDUITS PARTY HERETO,

THE FINANCIAL INSTITUTIONS PARTY HERETO,

THE PURCHASER AGENTS PARTY HERETO

and

MUFG BANK, LTD. (F/K/A THE BANK OF TOKYO-MITSUBISHI UFJ, LTD.)

as Agent

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THIRD AMENDED AND RESTATED
RECEIVABLES PURCHASE AGREEMENT

This Third Amended and Restated Receivables Purchase Agreement, dated as of December 3, 2010, is by and among PDC Funding Company, LLC, a Minnesota limited liability company (the “**Seller**”), Patterson Companies, Inc., a Minnesota corporation (together with its successors and assigns “**PDCo**”), as initial Servicer (Servicer together with Seller, the “**Seller Parties**” and each a “**Seller Party**”), the entities listed on Schedule A to this Agreement under the heading “**Financial Institution**” (together with any of their respective successors and assigns hereunder, the “**Financial Institutions**”), the entities listed on Schedule A to this Agreement under the heading “Conduit” (together with any of their respective successors and assigns hereunder, the “**Conduits**”), the entities listed on Schedule A to this Agreement under the heading “Purchaser Agent” (together with any of their respective successors and assigns hereunder, the “**Purchaser Agents**”) and MUFG Bank, Ltd. (f/k/a The Bank of Tokyo-Mitsubishi UFJ, Ltd.) (“**MUFG**”), as assignee of JPMorgan, as agent for the Purchasers hereunder or any successor agent hereunder (together with its successors and assigns hereunder, the “**Agent**”). Unless defined elsewhere herein, capitalized terms used in this Agreement shall have the meanings assigned to such terms in Exhibit I.

PRELIMINARY STATEMENTS

The Seller Parties, MUFG and certain other financial institutions, Victory Receivables Corporation (the “**MUFG Conduit**”) and certain other commercial paper conduits and JPMorgan are parties to that certain Second Amended and Restated Receivables Purchase Agreement, dated as of March 19, 2010 (as amended supplemented, or otherwise modified through the date hereof excluding this Agreement, the “**Prior Agreement**”).

The parties to the Prior Agreement are entering into the Closing Date Assignment Agreement as of the date hereof and, in connection therewith, the parties hereto now desire to amend and restate the Prior Agreement in its entirety to read as set forth herein.

MUFG has been requested and is willing to act as Agent on behalf of the Conduits and the Financial Institutions in accordance with the terms hereof.

AGREEMENT

Now therefore, in consideration of the foregoing and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto hereby agree that, subject to satisfaction of the conditions precedent set forth in Section 6.1, the Prior Agreement is hereby amended and restated in its entirety to read as follows:

ARTICLE I

PURCHASE ARRANGEMENTS

Section 1.1 Purchase Facility.

(a) Upon the terms and subject to the conditions hereof, during the period from the date hereof to but not including the Facility Termination Date, Seller shall sell and assign, as described in Section 1.2(b), the Asset Portfolio to Agent for the benefit of the Purchasers, as applicable. In accordance with the terms and conditions set forth herein, each Conduit may, at its option, instruct Agent to make cash payments to Seller of the related Cash Purchase Price in respect of the Asset Portfolio (each such cash payment, a “**Purchase**”) on behalf of such Conduit, or if any Conduit shall decline to make such Purchase, Agent shall make such Purchase, on behalf of such declining Conduit’s Related Financial Institutions, in each case and from time to time in an aggregate amount not to exceed at such time (i) in the case of each Conduit, its Conduit Purchase Limit and (ii) in the aggregate, the lesser of (A) the Purchase Limit and (B) the aggregate amount of the Commitments. Any amount not paid for the Asset Portfolio hereunder as Cash Purchase Price shall be paid to Seller as the RPA Deferred Purchase Price pursuant to, and only to the extent required by, the priority of payments set forth in Sections 2.2(b) and (c) and otherwise pursuant to the terms of this Agreement (including Section 2.6).

(b) Seller may, upon at least 10 Business Days’ prior notice to Agent and each Purchaser Agent, terminate in whole or reduce in part, ratably among the Financial Institutions, the unused portion of the Purchase Limit; provided that (i) each partial reduction of the Purchase Limit shall be in an amount equal to \$5,000,000 or an integral multiple thereof and (ii) the aggregate of the Conduit Purchase Limits for all of the Conduits shall also be terminated in whole or reduced in part, ratably among the Conduits, by an amount equal to such termination or reduction in the Purchase Limit.

Section 1.2 Increases; Sale of Asset Portfolio.

(a) Increases. Seller shall provide Agent and each Purchaser Agent with at least two Business Days’ (or if the date of such Purchase will be other than a Settlement Date, three Business Days’) prior notice in a form set forth as Exhibit II hereto of each Purchase (a “**Purchase Notice**”). Each Purchase Notice shall be subject to Section 6.2 hereof and, except as set forth below, shall be irrevocable, shall specify the requested Cash Purchase Price (which shall not be less than \$10,000,000 and in additional increments of \$100,000) and the requested date of such Purchase (which shall be on a Settlement Date or any other Business Day so long as no more than one Purchase occurs each calendar month on a date other than a Settlement Date) and, in the case of a Purchase, if the Cash Purchase Price thereof is to be funded by any of the Financial Institutions, the requested Discount Rate and Rate Tranche Period and shall be accompanied by a current listing of all Receivables (including any Receivables to be purchased by Seller under the Receivables Sale Agreement on the date of such Purchase specified in such Purchase Notice). Following receipt of a Purchase Notice, Agent will promptly notify the MUFG Conduit of such Purchase Notice, each Purchaser Agent will promptly notify the Conduit in such Purchaser Agent’s Purchaser Group of such Purchase Notice and Agent and each Purchaser Agent will identify the Conduits that agree to make the Purchase. If any Conduit declines to make a proposed Purchase, Seller may cancel the Purchase Notice or, in the absence of such a cancellation, the Purchase of such Receivables, Related Security and Collections, which such Conduit has declined to Purchase, will be made by such declining Conduit’s Related

Financial Institution(s) in accordance with the rest of this Section 1.2(a). If the proposed Purchase or any portion thereof is to be made by any of the Financial Institutions, Agent shall send notice of the proposed Purchase to the MUFG Conduit's Related Financial Institution and/or the applicable Purchaser Agent shall send notice of the proposed Purchase to the Related Financial Institutions in such Purchaser Agent's Purchaser Group, as applicable, in each case concurrently by telecopier or email specifying (i) the date of such Purchase, which date must be at least one Business Day after such notice is received by the applicable Financial Institutions, (ii) each Financial Institution's Pro Rata Share of the aggregate Cash Purchase Price in respect of such Receivables, Related Security and Collections of the Financial Institutions in such Financial Institution's Purchaser Group are then purchasing and (iii) the requested Discount Rate and the requested Rate Tranche Period. On the date of each Purchase, upon satisfaction of the applicable conditions precedent set forth in Article VI and the conditions set forth in this Section 1.2(a), the Conduits and/or the Financial Institutions, as applicable, shall deposit to the Facility Account, in immediately available funds, no later than 12:00 noon (Chicago time), an amount equal to (i) in the case of a Conduit that has agreed to make such Purchase, such Conduit's Pro Rata Share of the aggregate Cash Purchase Price of the Receivables, Related Security and Collections in respect of such Purchase or (ii) in the case of a Financial Institution, such Financial Institution's Pro Rata Share of the aggregate Cash Purchase Price of the Receivables, Related Security and Collections the Financial Institutions in such Financial Institution's Purchaser Group are then purchasing. Each Financial Institution's Commitment hereunder shall be limited to purchasing the assets in the Asset Portfolio that the Conduit in such Financial Institution's Purchaser Group has declined to Purchase. Each Financial Institution's obligation shall be several, such that the failure of any Financial Institution to make available to Seller any funds in connection with any Purchase shall not relieve any other Financial Institution of its obligation, if any, hereunder to make funds available on the date of such Purchase, but no Financial Institution shall be responsible for the failure of any other Financial Institution to make funds available in connection with any Purchase.

Notwithstanding anything to the contrary set forth in this Section 1.2(a) or otherwise in this Agreement, the parties hereto hereby acknowledge and agree that any Financial Institution may, in its reasonable discretion, by written notice (a "Delayed Purchase Notice") delivered to the Agent and the Seller no later than 12:00 p.m. (Chicago time) on the Business Day immediately preceding the applicable Purchase date elect (subject to the proviso below) with respect to any Purchase to pay its Pro Rata Share of the aggregate Cash Purchase Price of the Receivables, Related Security and Collections on or before the thirty-fifth (35th) day following the date of the related Purchase Notice (or if such day is not a Business Day, then on the next succeeding Business Day) (the "Delayed Purchase Date"), rather than on the date requested in such Purchase Notice (any Financial Institution making such an election, a "Delayed Financial Institution"); provided, that, with respect to each Financial Institution's Purchaser Group, an amount equal to 10.0% of such Financial Institution's Purchaser Group's Commitment may not be subject to a Delayed Purchase Date.

No Delayed Financial Institution (or, for the avoidance of doubt, its related Conduit) shall be obligated to pay its Pro Rata Share of the applicable aggregate Cash Purchase Price until the applicable Delayed Purchase Date. A Delayed Financial Institution shall pay its Pro Rata Share

of the applicable aggregate Cash Purchase Price on the applicable Delayed Purchase Date in accordance with this Section 1.2(a); provided, however, that a Delayed Financial Institution may, in its sole discretion, pay its Pro Rata Share of the applicable aggregate Cash Purchase Price on any Business Day prior to such Delayed Purchase Date. The Seller shall be obligated to accept the proceeds of such Delayed Financial Institution's portion of the applicable Cash Purchase Price on the applicable Delayed Purchase Date in accordance with this Section 1.2(a).

The parties hereto hereby acknowledge and agree that they are implementing the delayed funding mechanics provided for in this Section for the purpose of effecting a more favorable "liquidity coverage ratio" (including as set forth in "Basel III" or as "Basel III" or portions thereof may be adopted in any particular jurisdiction) with respect to one or more Financial Institutions (or its holding company). Upon the occurrence of any Regulatory Change reasonably likely to eliminate such favorable effects with respect to all Financial Institutions, so long as no Amortization Event or Potential Amortization Event has occurred and is continuing, the Seller and Servicer may request in writing delivered to the Agent and each Purchaser Agent that this Agreement be amended such that the delayed funding mechanics set forth in this Section are removed. The Agent and each Purchaser Agent shall promptly notify the Seller and Servicer if they consent to such request and such request may be accepted or rejected by such parties in their sole discretion. Failure of the Agent or any Purchaser Agent to notify the Seller or the Servicer within ten (10) Business Days shall be deemed to constitute a rejection of such request.

(b) Sale of Asset Portfolio. In accordance with Sections 1.1(a) and 1.2(a), Seller hereby sells, assigns and transfers to Agent (on behalf of Purchasers), for the related Cash Purchase Price and the RPA Deferred Purchase Price, effective on and as of the date of each Purchase by any Purchaser hereunder, all of its right, title and interest in, to and under all Receivables and the Related Security and Collections relating to such Receivables (other than Seller's title in and to the Second-Tier Account, the Reserve Account and the Facility Account, each of which shall remain with Seller), whether currently existing or thereafter acquired (the assets sold, assigned and transferred to include not only the Receivables, Collections and Related Security (other than Seller's title in and to the Second-Tier Account, the Reserve Account and the Facility Account) existing as of the date of such Purchase but also all future Receivables and such Related Security and Collections acquired by Seller from time to time as provided herein). Purchaser's right, title and interest in and to such assets is herein called the "**Asset Portfolio**".

Section 1.3 Decreases. Seller shall provide Agent with an irrevocable prior written notice in conformity with the Required Notice Period (a "**Reduction Notice**") of any proposed reduction of the Aggregate Capital from Collections and Agent will promptly notify each Purchaser of such Reduction Notice after Agent's receipt thereof. Such Reduction Notice shall designate (i) the date (the "**Proposed Reduction Date**") upon which any such reduction of the Aggregate Capital shall occur (which date shall give effect to the applicable Required Notice Period), and (ii) the amount of the Aggregate Capital to be reduced that shall be applied ratably to the aggregate Capital of the Conduits and the Financial Institutions in accordance with the amount of Capital (if any) owing to the Conduits (ratably to each Conduit, based on the ratio of such Conduit's Capital at such time to the aggregate Capital of all the Conduits at such time), on the one hand, and the amount of Capital (if any) owing to the Financial Institutions (ratably to

each Financial Institution, based on the ratio of such Financial Institution's Capital at such time to the aggregate Capital of all of the Financial Institutions at such time), on the other hand (the "**Aggregate Reduction**"), without regard to any unpaid RPA Deferred Purchase Price. Only one (1) Reduction Notice shall be outstanding at any time. Concurrently with any reduction of the Aggregate Capital pursuant to this Section, Seller shall pay to the applicable Purchaser all Broken Funding Costs arising as a result of such reduction. No Aggregate Reduction will be made following the occurrence of the Amortization Date without the prior written consent of Agent.

Section 1.4 Payment Requirements. All amounts to be paid or deposited by any Seller Party pursuant to any provision of this Agreement or any other Transaction Document shall be paid or deposited in accordance with the terms hereof no later than 11:00 a.m. (Chicago time) on the day when due in immediately available funds, and if not received before 11:00 a.m. (Chicago time) shall be deemed to be received on the next succeeding Business Day. If such amounts are payable to (i) Agent, they shall be paid to Agent for its own account, in accordance with the applicable instructions set forth on Schedule C and (ii) any Purchaser Agent or Purchaser, they shall be paid to the Purchaser Agent for such Person's Purchaser Group, for the account of such Person, in accordance with the applicable instructions set forth on Schedule C, in each case until otherwise notified by Agent or the related Purchaser Agent, as applicable (each instruction set forth in clauses (i) and (ii) being a "**Payment Instruction**"). Upon notice to Seller, Agent (on behalf of itself and/or any Purchaser) may debit the Facility Account for all amounts due and payable hereunder. All computations of Financial Institution Yield, per annum fees or discount calculated as part of any CP Costs, per annum fees hereunder and per annum fees under any Fee Letter shall be made on the basis of a year of 360 days for the actual number of days elapsed. If any amount hereunder or under any other Transaction Document shall be payable on a day which is not a Business Day, such amount shall be payable on the next succeeding Business Day.

Section 1.5 Deemed Exchange. Notwithstanding the otherwise applicable conditions precedent to payments in respect of the Asset Portfolio hereunder, upon the effectiveness of this Agreement in accordance with its terms and the effectiveness of the Closing Date Assignment Agreement in accordance with its terms, each Purchaser shall be deemed to have delivered and released its undivided interests in the "Purchaser Interest" under (and as defined in) the Prior Agreement as of the date hereof in a contemporaneous exchange for the acquisition of the Asset Portfolio hereunder in an amount equal to the outstanding principal amount of all outstanding "Capital" (as defined in the Prior Agreement) advanced in respect of the initial purchase under the Prior Agreement or any subsequent "Incremental Purchase" under and as defined in the Prior Agreement. Such deemed exchange under the Prior Agreement and the initial Purchase hereunder (the "**Deemed Exchange**") shall constitute a replacement of all outstanding principal amounts of the outstanding "Capital" made under the Prior Agreement by way of such initial Purchase hereunder.

Section 1.6 RPA Deferred Purchase Price. Subject to the application of Collections as RPA Deferred Purchase Price as permitted on each Settlement Date pursuant to Sections 2.2(b), 2.2(c) and 2.6, on each Business Day on and after the Final Payout Date,

Servicer, on behalf of Agent and the Purchasers, shall pay to Seller an amount as deferred purchase price (the “**RPA Deferred Purchase Price**”) equal to the Collections of Receivables then held or thereafter received by Seller (or Servicer on its behalf) less any accrued and unpaid Servicing Fee.

ARTICLE II

PAYMENTS AND COLLECTIONS

Section 2.1 Payments. Notwithstanding any limitation on recourse contained in this Agreement, Seller shall immediately pay to Agent when due, for the account of Agent, or the relevant Purchaser or Purchasers, on a full recourse basis: (a) all amounts accrued or payable by Seller to any such Person as described in Section 2.2 and (b) each of the following amounts, to the extent that such amounts are not paid in accordance with Section 2.2: (i) such fees as set forth in each Fee Letter (which fees collectively shall be sufficient to pay all fees owing to the Financial Institutions), (ii) all amounts payable as CP Costs, (iii) all amounts payable as Financial Institution Yield, (iv) all amounts payable as Deemed Collections (which shall be immediately due and payable by Seller and applied to reduce the outstanding Aggregate Capital hereunder in accordance with Sections 2.2 and 2.3 hereof), (v) all amounts required pursuant to Section 2.5 or 2.6, (vi) all amounts payable pursuant to Article X, if any, (vii) all Servicer costs and expenses, including the Servicing Fee, in connection with servicing, administering and collecting the Receivables, (viii) all Broken Funding Costs, (ix) all Hedging Obligations and (x) all Default Fees (the fees, amounts and other obligations described in clauses (a) and (b) collectively, the “**Obligations**”). If any Person fails to pay any of the Obligations when due, such Person agrees to pay, on demand, the Default Fee in respect thereof until paid. Notwithstanding the foregoing, no provision of this Agreement or any Fee Letter shall require the payment or permit the collection of any amounts hereunder in excess of the maximum permitted by applicable law. If at any time Seller receives any Collections or is deemed to receive any Collections, Seller shall immediately pay such Collections or Deemed Collections to Servicer for payment in accordance with the terms and conditions hereof and, at all times prior to such payment, such Collections or Deemed Collections shall be held in trust by Seller for the exclusive benefit of the Purchasers and Agent.

Section 2.2 Collections Prior to Amortization.

(a) Collections Generally. On any day prior to the Amortization Date that Servicer receives any Collections and/or Deemed Collections, such Collections and/or Deemed Collections shall be set aside and held in trust by Servicer for the benefit of Agent and the Purchasers in the Collection Accounts in the manner set forth in Sections 7.1(j) and 8.2. Prior to the Amortization Date, all such amounts shall be applied as set forth in this Section 2.2. Servicer shall, on each Settlement Date, determine the amount of Collections set aside in accordance with the first sentence of this Section 2.2 during the related Settlement Period which constitute Principal Collections and the portion of such Collections which constitute Finance Charge Collections. On each Settlement Date, Servicer shall remit the Principal Collections set aside pursuant to this subsection (a) to the Second-Tier Account (to the extent such Principal Collections are not already on deposit therein) to be distributed in accordance with subsection (b)

below and Servicer shall remit the Finance Charge Collections set aside pursuant to this subsection (a) to the Second-Tier Account (to the extent such Finance Charge Collections are not already on deposit therein) to be distributed in accordance with subsection (c) below.

(b) Application of Principal Collections. On each Settlement Date, Servicer will apply the Principal Collections on deposit in the Second-Tier Account in accordance with the applicable Payment Instructions pursuant to Section 2.2(a) to make the following distributions in the following amounts and order of priority:

first, to each Terminating Financial Institution, an amount equal to such Terminating Financial Institution's Termination Percentage of such Principal Collections for the ratable reduction of the Capital of each such Terminating Financial Institution,

second, subject to Section 2.6, if any Purchase Notice shall have been delivered in accordance with Section 1.2(a), to Seller to fund the Cash Purchase Price of the Purchase to be made on such date; otherwise, to Agent for the account of the Purchasers (other than any Terminating Financial Institution) as a further reduction of the Aggregate Capital, and

third, subject to Section 2.6, to the extent of any such amounts remaining after such payments, to be applied as if they were Finance Charge Collections in accordance with the priority of payments set forth in subsection (c) below.

(c) Application of Finance Charge Collections. On each Settlement Date, Servicer will apply (i) the Finance Charge Collections on deposit in the Second-Tier Account and (ii) all remaining Principal Collections after making the distributions pursuant to clauses first and second of subsection (b) above, pursuant to Section 2.2(a), together with the applicable Hedge Floating Amount, if any, paid to Seller by each Hedge Provider and any net income from Permitted Investments deposited to the Second-Tier Account pursuant to Section 2.8, in accordance with the applicable Payment Instructions, to make the following distributions in the following amounts and order of priority:

first, to the reimbursement of Agent's, each Purchaser's and each Purchaser Agent's costs of collection and enforcement of this Agreement,

second, to Agent for the account of the Purchasers, all accrued and unpaid fees under any Fee Letter and all accrued and unpaid CP Costs and Financial Institution Yield, including any accrued CP Costs and Financial Institution Yield in respect of Capital reduced pursuant to clause second of subsection (b) above, together with any Broken Funding Costs,

third, if Servicer is not then Seller or an Affiliate of Seller, to Servicer in payment of the Servicing Fee,

fourth, to Agent as a reduction of Aggregate Capital an amount necessary to pay in full the Outstanding Balance of any Receivables that became Defaulted Receivables during the related Settlement Period and Receivables that became Defaulted Receivables during any prior Settlement Period that have not previously been the subject of payment hereunder,

fifth, if Seller or an Affiliate of Seller is then acting as Servicer, to Servicer in payment of the Servicing Fee,

sixth, to the applicable Persons, for the ratable payment in full of all other unpaid Obligations, and

seventh, the balance, if any, in the following priority: first, to Agent for deposit to the Second-Tier Account if the conditions of Section 7.3 requiring that the Hedging Agreements be in effect have occurred, but the Hedging Agreements are not then in effect (such amount to be set aside and held in trust for application in accordance with this Section 2.2(c) on the next occurring Settlement Date), second, to the Reserve Account, to the extent there is a Reserve Account Deficiency, until the amount on deposit therein equals the Reserve Account Required Amount and then third, subject to Section 2.6, to Seller as RPA Deferred Purchase Price.

(d) Each Terminating Financial Institution shall be allocated a ratable portion of Collections from the Liquidity Termination Date that such Terminating Financial Institution did not consent to extend (as to such Terminating Financial Institution, the “**Termination Date**”), until, with respect to a Terminating Financial Institution, such Terminating Financial Institution’s Capital, if any, shall be paid in full and the applicable, ratable portion of the RPA Deferred Purchase Price allocable to such Terminating Financial Institution’s portion of the Asset Portfolio has been paid in full in accordance with the priority of payments set forth in Section 2.2(b). This ratable portion shall be calculated on the Termination Date of each Terminating Financial Institution as a percentage equal to (i) Capital of such Terminating Financial Institution outstanding on its Termination Date, divided by (ii) the Aggregate Capital outstanding on such Termination Date (the “**Termination Percentage**”). Each Terminating Financial Institution’s Termination Percentage shall remain constant prior to the Amortization Date. On and after the Amortization Date, each Termination Percentage shall be disregarded, and each Terminating Financial Institution’s Capital shall be reduced ratably with all Financial Institutions in accordance with Section 2.3.

Section 2.3 Collections Following Amortization. On the Amortization Date and on each day thereafter, Servicer shall set aside and hold in trust for the benefit of Agent and the Purchasers, in the Collection Accounts in the manner set forth in Sections 7.1(j) and 8.2, all Collections and/or Deemed Collections received on such day and any additional amount for the payment of any Aggregate Unpaid owed by Seller and not previously paid by Seller in accordance with Section 2.1. On and after the Amortization Date, Servicer shall, at any time upon the request from time to time by (or pursuant to standing instructions from) Agent (i) remit to the Second-Tier Account the amounts set aside pursuant to the preceding sentence (to the extent such amounts are not already on deposit therein), and (ii) apply such amounts at Agent’s

direction to reduce the Aggregate Capital and any other Aggregate Unpaid (it being understood and agreed that, in any event, no portion of the RPA Deferred Purchase Price may be paid to Seller on a date on or after the Amortization Date and prior to the Final Payout Date). If there shall be insufficient funds on deposit for Servicer to distribute funds in payment in full of the aforementioned amounts, Servicer shall distribute funds in accordance with the applicable Payment Instructions:

first, to the reimbursement of Agent's, each Purchaser's and each Purchaser Agent's costs of collection and enforcement of this Agreement,

second, ratably to the payment of all accrued and unpaid fees under any Fee Letter and all accrued and unpaid CP Costs and Financial Institution Yield,

third, to the payment of Servicer's reasonable out-of-pocket costs and expenses in connection with servicing, administering and collecting the Receivables, including the Servicing Fee, if Seller, or one of its Affiliates is not then acting as Servicer,

fourth, to the ratable reduction of Aggregate Capital to zero,

fifth, for the ratable payment of all other unpaid Obligations, provided that to the extent such Obligations relate to the payment of Servicer costs and expenses, including the Servicing Fee, when Seller or one of its Affiliates is acting as Servicer, such costs and expenses will not be paid until after the payment in full of all other Obligations,

sixth, to the ratable payment in full of all other Aggregate Unpaid, and

seventh, after the Aggregate Unpaid have been indefeasibly reduced to zero and this Agreement has terminated in accordance with its terms, to Seller as RPA Deferred Purchase Price, any remaining Collections.

Section 2.4 Ratable Payments. Collections applied to the payment of Aggregate Unpaid shall be distributed in accordance with the aforementioned provisions, and, giving effect to each of the priorities set forth in Sections 2.2 and 2.3 above, shall be shared ratably (within each priority) among Agent, the Purchaser Agents and the Purchasers in accordance with the amount of such Aggregate Unpaid owing to each of them in respect of each such priority.

Section 2.5 Payment Rescission. No payment of any of the Aggregate Unpaid shall be considered paid or applied hereunder to the extent that, at any time, all or any portion of such payment or application is rescinded by application of law or judicial authority, or must otherwise be returned or refunded for any reason. Seller shall remain obligated for the amount of any payment or application so rescinded, returned or refunded, and shall promptly pay to Agent (for application to the Person or Persons who suffered such rescission, return or refund), the full

amount thereof, plus the Default Fee from the date of any such rescission, return or refunding, in each case, if such rescinded amounts have not been paid under Section 2.2.

Section 2.6 Maximum Purchases In Respect of the Asset Portfolio. Notwithstanding anything to the contrary in this Agreement, Seller shall ensure that the Net Portfolio Balance shall at no time be less than the sum of (i) the Aggregate Capital at such time, plus (ii) the Credit Enhancement at such time. If, on any date of determination, the sum of (i) the Aggregate Capital, plus (ii) the Credit Enhancement exceeds the Net Portfolio Balance, in each case at such time, Seller shall pay to the Purchasers within one (1) Business Day an amount to be applied to reduce the Aggregate Capital (allocated ratably based on the ratio of each Purchaser's Capital at such time to the Aggregate Capital at such time), such that after giving effect to such payment, the Net Portfolio Balance equals or exceeds the sum of (i) the Aggregate Capital, plus (ii) the Credit Enhancement, in each case at such time; provided however, that if on any Settlement Date, the Net Portfolio Balance is less than the sum of (i) the Aggregate Capital, plus (ii) the Credit Enhancement, in each case at such time, the payment in full of the amount required by the previous sentence shall be made prior to any distributions are made pursuant to Section 2.2(b).

Section 2.7 Clean-Up Call; Limitation on Payments.

(a) Clean Up Call. In addition to Seller's rights pursuant to Section 1.3, Seller shall have the right (after providing written notice to Agent and each Purchaser Agent in accordance with the Required Notice Period), at any time following the reduction of the Aggregate Capital to a level that is less than 10.0% of the Purchase Limit as of the date hereof, to repurchase from the Purchasers all, but not less than all, of the Asset Portfolio at such time. The purchase price in respect thereof shall be an amount equal to the Aggregate Unpays through the date of such repurchase, payable in immediately available funds. Such repurchase shall be without representation, warranty or recourse of any kind by, on the part of, or against any Purchaser, any Purchaser Agent or Agent. If, at any time, Servicer is not Seller or an Affiliate of Seller, Seller may waive its repurchase rights under this Section 2.7(a) by providing a written notice of such waiver to Agent and each Purchaser Agent.

(b) Purchasers' and Agent's Limitation on Payments. Notwithstanding any provision contained in this Agreement or any other Transaction Document to the contrary, none of the Purchasers or Agent shall, and none of them shall be obligated (whether on behalf of a Purchaser or otherwise) to, pay any amount to Seller in respect of any portion of the RPA Deferred Purchase Price, except to the extent that Collections are available for distribution to Seller in accordance with this Agreement. In addition, notwithstanding anything to the contrary contained in this Agreement or any other Transaction Document, the obligations of any Purchaser that is a commercial paper conduit or similar vehicle under this Agreement or under any other Transaction Document shall be payable by such Purchaser or successor or assign solely to the extent of funds received from Seller in accordance herewith or from any party to any Transaction Document in accordance with the terms thereof in excess of funds necessary to pay such Person's matured and maturing Commercial Paper or other senior indebtedness of such Person when due. Any amount which Agent or a Purchaser is not obligated

to pay pursuant to the operation of the two preceding sentences shall not constitute a claim (as defined in § 101 of the Federal Bankruptcy Code) against, or corporate obligation of, any Purchaser or Agent, as applicable, for any such insufficiency unless and until such amount becomes available for distribution to Seller pursuant to the terms hereof.

Section 2.8 Investment of Collections in Second-Tier Account. All amounts from time to time held in, deposited in or credited to, the Second-Tier Account shall be invested by Servicer (as agent for Agent) in Permitted Investments selected in writing by Servicer. All such investments shall at all times be held by or on behalf of Agent for the benefit of the Purchasers and the Hedge Providers (if any), provided, that neither Agent, any Purchaser nor the Hedge Providers shall be held liable in any way by reason of any loss arising from the investment of amounts on deposit in the Second-Tier Account in Permitted Investments. All income or other gain from investment of monies deposited in or credited to the Second-Tier Account shall be deposited in or credited to the Second-Tier Account immediately upon receipt, and any loss resulting from such investment shall be charged thereto. Any net income from such investments shall be transferred to the Second-Tier Account on a monthly basis on the Business Day preceding each Settlement Date to be applied in accordance with Section 2.2. Except as permitted in writing by Agent, funds on deposit in the Second-Tier Account shall be invested in Permitted Investments that will mature no later than the Business Day immediately preceding the next Settlement Date. No Permitted Investment shall be sold or otherwise disposed of prior to its scheduled maturity date unless a default occurs with respect to such Permitted Investment and Agent directs Servicer in writing to dispose of such Permitted Investment.

Section 2.9 Reserve Account.

(a) On or prior to the Amendment Date, Seller shall (i) establish the Reserve Account with the Reserve Account Bank and (ii) deposit, or cause to be deposited, into the Reserve Account funds in an amount equal to the Reserve Account Required Amount. The Reserve Account shall be maintained by Seller for the ratable benefit of the Purchasers and shall not be closed without the prior written consent of the Agent and each Purchaser. The Reserve Account shall at all times on or after the Post-Amendment Date be subject to the Reserve Account Agreement. The Reserve Account shall be subject to the full dominion of the Agent on and after the Post-Amendment Date and Seller shall not create or suffer to exist any Adverse Claims with respect to the Reserve Account or the funds on deposit therein, other than Adverse Claims in favor of Agent for the benefit of the Purchasers.

(b) Any and all funds or other property at any time on deposit in, or otherwise to the credit of, the Reserve Account shall be held in trust by the Reserve Account Bank for the ratable benefit of the Purchasers. Funds held in the Reserve Account shall not be invested. The only permitted withdrawals from or application of funds on deposit in, or otherwise to the credit of, the Reserve Account shall be made pursuant to this Agreement. The Seller's interest and rights in the Reserve Account are limited to those provided for in this Agreement and the Reserve Account Agreement. Except as set forth herein, the Seller shall not have the ability to direct or apply funds on deposit in the Reserve Account.

(c) If at any time the Applicable Collection Amount with respect to any Settlement Date is less than the Required Monthly Payments for such Settlement Date, in each case, as reported in the Monthly Report delivered by the Servicer in accordance with this Agreement, then the Agent shall withdraw from the Reserve Account funds in an amount equal to the applicable Reserve Account Draw Amount (to the extent of the funds available therein) for distribution in accordance with the priority of payments set forth in Sections 2.2(c) and 2.3, as applicable. On the Final Payout Date, the Agent shall withdraw from the Reserve Account funds in an amount equal to all amounts then on deposit in the Reserve Account and deposit such funds into the Collection Account for distribution in accordance with the priority of payments set forth in Sections 2.2(c) and 2.3, as applicable.

(d) The Seller shall be responsible for all costs and expenses of maintaining the Reserve Account, including all service fees and other charges directly related to the administration of the Reserve Account and for returned checks and other items of payment.

ARTICLE III

CONDUIT PURCHASES

Section 3.1 CP Costs. Seller shall pay CP Costs with respect to the outstanding Capital associated with each of the Conduits for each day that any such Capital is outstanding.

Section 3.2 CP Costs Payments. On each Settlement Date, Seller shall pay to Agent (for the benefit of the Conduits) an aggregate amount equal to all accrued and unpaid CP Costs in respect of the outstanding Capital of each of the Conduits for the related Settlement Period in accordance with Article II.

Section 3.3 Calculation of CP Costs. On the third Business Day immediately preceding each Settlement Date, each Conduit shall calculate the aggregate amount of its Conduit Costs for the related Settlement Period and shall notify Seller of such aggregate amount.

ARTICLE IV

FINANCIAL INSTITUTION FUNDING

Section 4.1 Financial Institution Funding. The aggregate Capital associated with the Purchases by the Financial Institutions shall accrue Financial Institution Yield for each day during its Rate Tranche Period at either the LIBO Rate or the Alternate Base Rate in accordance with the terms and conditions hereof. Until Seller gives notice to Agent and the applicable Purchaser Agent(s) of another Discount Rate in accordance with Section 4.4, the initial Discount Rate for any portion of the Asset Portfolio transferred to the Financial Institutions pursuant to the terms and conditions hereof shall be the Alternate Base Rate. If any pro rata portion of the Asset Portfolio of any Conduit is assigned or transferred to, or funded by, any Funding Source of such Conduit pursuant to any Funding Agreement or to or by any other Person, each such portion of the Asset Portfolio so assigned, transferred or funded shall each be deemed to have a new Rate Tranche Period commencing on the date of any such assignment, transfer or funding, and shall

accrue Yield for each day during its Rate Tranche Period at either the LIBO Rate or the Alternate Base Rate in accordance with the terms and conditions hereof as if each such portion of the Asset Portfolio was held by a Financial Institution. With respect to each such portion of the Asset Portfolio, the assignee or transferee thereof, or the lender with respect thereto, shall be deemed to be a Financial Institution in the applicable Conduit's Purchaser Group solely for the purposes of Sections 4.1, 4.2, 4.3, 4.4 and 4.5 hereof.

Section 4.2 Financial Institution Yield Payments. On the Settlement Date for each Rate Tranche Period with respect to the aggregate Capital of the Financial Institutions, Seller shall pay to Agent (for the benefit of the Financial Institutions) an aggregate amount equal to all accrued and unpaid Financial Institution Yield for the entire Rate Tranche Period with respect to such Capital in accordance with Article II. On the third Business Day immediately preceding the Settlement Date for such Capital of each of the Financial Institutions, each Financial Institution shall calculate the aggregate amount of accrued and unpaid Financial Institution Yield for the entire Rate Tranche Period for such Capital of such Financial Institution and shall notify Seller of such aggregate amount.

Section 4.3 Selection and Continuation of Rate Tranche Periods.

(a) With consultation from (and approval by) Agent, the applicable Financial Institution and, if applicable, the Purchaser Agent in such Financial Institution's Purchaser Group, Seller shall from time to time, only for purposes of computing the Financial Institution Yield with respect to such Financial Institution, request Rate Tranche Periods to account for the portion of the Asset Portfolio funded or maintained by such Financial Institution, provided that, if at any time any of the Financial Institutions shall have any Capital outstanding, Seller shall always request Rate Tranche Periods such that at least one Rate Tranche Period shall end on the date specified in clause (A) of the definition of Settlement Date.

(b) Seller or the applicable Financial Institution, upon notice to and consent by the other received at least three (3) Business Days prior to the end of a Rate Tranche Period (a "**Terminating Rate Tranche**") for any portion of the Asset Portfolio funded or maintained by such Financial Institution, may, effective on the last day of the Terminating Rate Tranche: (i) divide any such Financial Institution's Capital into multiple portions by subdividing such Capital into smaller amounts of Capital, (ii) combine any such portion of such Financial Institution's Capital with one or more other portions of such Financial Institution's Capital that have a Terminating Rate Tranche ending on the same day as such Terminating Rate Tranche by combining the associated Capital of such Financial Institution or (iii) combine any such Financial Institution's existing Capital with additional Capital being paid to Seller as Cash Purchase Price in respect of a new Purchase made on the day such Terminating Rate Tranche ends by combining the associated Capital in respect of such new Purchase with the existing Capital of such Financial Institution, provided, that in no event may the Capital of any Purchaser be combined with the Capital of any other Purchaser.

Section 4.4 Financial Institution Discount Rates. Seller may select the LIBO Rate or the Alternate Base Rate for each portion of the Capital of any of the Financial Institutions. Seller shall by 11:00 a.m. (Chicago time): (i) at least three (3) Business Days prior to the

expiration of any Terminating Rate Tranche with respect to which the LIBO Rate is being requested as a new Discount Rate and (ii) at least one (1) Business Day prior to the expiration of any Terminating Rate Tranche with respect to which the Alternate Base Rate is being requested as a new Discount Rate, give each Financial Institution (or Funding Source) irrevocable notice of the new Discount Rate for the Capital or portion thereof associated with such Terminating Rate Tranche. Until Seller gives notice to the applicable Financial Institution (or Funding Source) of another Discount Rate, the initial Discount Rate for any Capital of any Financial Institution pursuant to the terms and conditions hereof (or assigned or transferred to, or funded by, any Funding Source pursuant to any Funding Agreement or to or by any other Person) shall be the Alternate Base Rate.

Section 4.5 Suspension of the LIBO Rate or Replacement of the LIBO Rate.

(a) If any Financial Institution notifies Agent or its Purchaser Agent, as applicable, that it has determined that funding its Pro Rata Share of the Aggregate Capital in respect of the Financial Institutions in such Financial Institution's Purchaser Group at the LIBO Rate would violate any applicable law, rule, regulation, or directive of any governmental or regulatory authority, whether or not having the force of law, or that (i) deposits of a type and maturity appropriate to match fund its Capital at the LIBO Rate are not available or (ii) the LIBO Rate does not accurately reflect the cost of acquiring or maintaining any portion of the Asset Portfolio or Capital at the LIBO Rate, then Agent or such Purchaser Agent, as applicable, shall suspend the availability of the LIBO Rate for the Financial Institutions in such Financial Institution's Purchaser Group and require Seller to select the Alternate Base Rate for any Capital funded by the Financial Institutions in such Financial Institution's Purchaser Group accruing Financial Institution Yield at the LIBO Rate.

(b) Benchmark Replacement. Notwithstanding anything to the contrary herein or in any other Transaction Document, upon the occurrence of a Benchmark Transition Event or an Early Opt-in Election, as applicable, the Agent and the Seller may amend this Agreement to replace the LIBO Rate with a Benchmark Replacement. Any such amendment with respect to a Benchmark Transition Event will become effective at 5:00 p.m. (Chicago time) on the fifth (5th) Business Day after the Agent has posted such proposed amendment to all Purchasers and the Seller so long as the Agent has not received, by such time, written notice of objection to such amendment from Purchasers comprising the Required Purchasers.

Any such amendment with respect to an Early Opt-in Election will become effective on the date that Purchasers comprising the Required Purchasers have delivered to the Agent written notice that such Required Purchasers accept such amendment. No replacement of the LIBO Rate with a Benchmark Replacement pursuant to this Section 4.5 will occur prior to the applicable Benchmark Transition Start Date.

(c) Benchmark Replacement Conforming Changes. In connection with the implementation of a Benchmark Replacement, the Agent will have the right to make Benchmark Replacement Conforming Changes from time to time and, notwithstanding anything to the contrary herein or in any other Transaction Document, any amendments implementing

such Benchmark Replacement Conforming Changes will become effective without any further action or consent of any other party to this Agreement.

(d) Notices; Standards for Decisions and Determinations. The Agent will promptly notify the Seller and the Purchasers of (i) any occurrence of a Benchmark Transition Event or an Early Opt-in Election, as applicable, and its related Benchmark Replacement Date and Benchmark Transition Start Date, (ii) the implementation of any Benchmark Replacement, (iii) the effectiveness of any Benchmark Replacement Conforming Changes and (iv) the commencement or conclusion of any Benchmark Unavailability Period. Any determination, decision or election that may be made by the Agent or Purchasers pursuant to this Section 4.5, including any determination with respect to a tenor, rate or adjustment or of the occurrence or non-occurrence of an event, circumstance or date and any decision to take or refrain from taking any action, will be conclusive and binding absent manifest error and may be made in its or their sole discretion and without consent from any other party hereto, except, in each case, as expressly required pursuant to this Section 4.5.

(e) Benchmark Unavailability Period. Upon the Sellers's receipt of notice of the commencement of a Benchmark Unavailability Period, the Seller may revoke any request for an Incremental Purchase to be made during any Benchmark Unavailability Period. During any Benchmark Unavailability Period, the Alternate Base Rate shall automatically apply for any Capital accruing at the LIBO Rate and any selection by the Seller of the LIBO Rate shall automatically be deemed to be a selection of the Alternate Base Rate.

Section 4.6 Extension of Liquidity Termination Date.

(a) Seller may request one or more 364-day extensions of the Liquidity Termination Date then in effect by giving written notice of such request to Agent (each such notice, an "**Extension Notice**") at least 60 days prior to the Liquidity Termination Date then in effect. After Agent's receipt of any Extension Notice, Agent shall promptly notify each Purchaser Agent of such Extension Notice. After Agent's and each Purchaser Agent's receipt of any Extension Notice, Agent shall promptly notify the Financial Institutions in the MUFG Conduit's Purchaser Group of such Extension Notice and each Purchaser Agent shall promptly notify the Financial Institutions in such Purchaser Agent's Purchaser Group of such Extension Notice. Each Financial Institution may, in its sole discretion, by a revocable notice (a "**Consent Notice**") given to Agent and, if applicable, the Purchaser Agent in such Financial Institution's Purchaser Group on or prior to the 30th day prior to the Liquidity Termination Date then in effect (such period from the date of the Extension Notice to such 30th day being referred to herein as the "**Consent Period**"), consent to such extension of such Liquidity Termination Date; provided, however, that, except as provided in Section 4.6(b), such extension shall not be effective with respect to any of the Financial Institutions if any one or more Financial Institutions: (i) notifies Agent and, if applicable, the Purchaser Agent in such Financial Institution's Purchaser Group during the Consent Period that such Financial Institution either does not wish to consent to such extension or wishes to revoke its prior Consent Notice or (ii) fails to respond to Agent and, if applicable, the Purchaser Agent in such Financial Institution's Purchaser Group within the Consent Period (each Financial Institution or its related Conduit, as the case may be, that does

not wish to consent to such extension or wishes to revoke its prior Consent Notice or fails to respond to Agent and, if applicable, such Purchaser Agent within the Consent Period is herein referred to as a “**Non-Renewing Financial Institution**”). If none of the events described in the foregoing clauses (i) or (ii) occurs during the Consent Period and all Consent Notices have been received, then, the Liquidity Termination Date shall be irrevocably extended until the date that is 364 days after the Liquidity Termination Date then in effect. Agent shall promptly notify Seller of any Consent Notice or other notice received by Agent pursuant to this Section 4.6(a).

(b) Upon receipt of notice from Agent or, if applicable, a Purchaser Agent, pursuant to Section 4.6(a) of any Non-Renewing Financial Institution or that the Liquidity Termination Date has not been extended, one or more of the Financial Institutions (including any Non-Renewing Financial Institution) may proffer to Agent, the Conduit in such Non-Renewing Financial Institution’s Purchaser Group and, if applicable, the Purchaser Agent in such Non-Renewing Financial Institution’s Purchaser Group the names of one or more institutions meeting the criteria set forth in Section 12.1(b)(i) that are willing to accept assignments of and assume the rights and obligations under this Agreement and the other applicable Transaction Documents of the Non-Renewing Financial Institution. Provided the proffered name(s) are acceptable to Agent, the Conduit in such Non-Renewing Financial Institution’s Purchaser Group and, if applicable, the Purchaser Agent in such Non-Renewing Financial Institution’s Purchaser Group, Agent shall notify each Purchaser Agent and the remaining Financial Institutions in the MUFG Conduit’s Purchaser Group of such fact and each Purchaser Agent shall notify the remaining Financial Institutions in such Purchaser Agent’s Purchaser Group of such fact, and the then existing Liquidity Termination Date shall be extended for an additional 364 days upon satisfaction of the conditions for an assignment in accordance with Section 12.1, and the Commitment of each Non-Renewing Financial Institution shall be reduced to zero. If the rights and obligations under this Agreement and the other applicable Transaction Documents of each Non-Renewing Financial Institution are not assigned as contemplated by this Section 4.6(b) (each such Non-Renewing Financial Institution or its related Conduit, as the case may be, whose rights and obligations under this Agreement and the other applicable Transaction Documents are not so assigned is herein referred to as a “**Terminating Financial Institution**”) and at least one Financial Institution is not a Non-Renewing Financial Institution, the then existing Liquidity Termination Date shall be extended for an additional 364 days; provided, however, that (i) the Purchase Limit shall be reduced on the Termination Date applicable to each Terminating Financial Institution by an aggregate amount equal to the Terminating Commitment Availability as of such date of each Terminating Financial Institution and shall thereafter continue to be reduced by amounts equal to any reduction in the Capital of any Terminating Financial Institution (after application of Collections pursuant to Sections 2.2 and 2.3), (ii) the Conduit Purchase Limit of each Conduit shall be reduced by the aggregate amount of the Terminating Commitment Amount of each Terminating Financial Institution in such Conduit’s Purchaser Group and (iii) the Commitment of each Terminating Financial Institution shall be reduced to zero on the Termination Date applicable to such Terminating Financial Institution. Upon reduction to zero of the Capital of a Terminating Financial Institution (after application of Collections thereto pursuant to Section 2.2 and 2.3), all rights and obligations of such Terminating Financial Institution hereunder shall be terminated and such Terminating Financial Institution shall no longer be a “Financial Institution”; provided, however, that the provisions of

Article X shall continue in effect for its benefit with respect to the Capital held by such Terminating Financial Institution prior to its termination as a Financial Institution. For the avoidance of doubt, each reference to a Financial Institution in the context of a Terminating Financial Institution shall be deemed to refer to the related Conduit if such Conduit continues to have Capital outstanding as a Terminating Financial Institution.

(c) Any requested extension of the Liquidity Termination Date may be approved or disapproved by a Financial Institution in its sole discretion. In the event that the Commitments are not extended in accordance with the provisions of this Section 4.6, the Commitment of each Financial Institution shall be reduced to zero on the Liquidity Termination Date. Upon reduction to zero of the Commitment of a Financial Institution and upon reduction to zero of the Capital of such Financial Institution, all rights and obligations of such Financial Institution hereunder shall be terminated and such Financial Institution shall no longer be a “Financial Institution”; provided, however, that the provisions of Article X shall continue in effect for its benefit with respect to the Capital held by such Financial Institution prior to its termination as a Financial Institution.

ARTICLE V

REPRESENTATIONS AND WARRANTIES

Section 5.1 Representations and Warranties of the Seller Parties. Each Seller Party hereby represents and warrants to Agent, the Purchaser Agents and the Purchasers, as to itself, as of the date hereof and as of the date of each Purchase (other than with respect to the representations and warranties set forth in clause (x), which are only made as of the date hereof) that:

(a) Existence and Power. Such Seller Party is a corporation or limited liability company, as applicable, duly organized, validly existing and in good standing under the laws of its state of organization. Such Seller Party is duly qualified to do business and is in good standing as a foreign entity, and has and holds all power, corporate or otherwise, and all governmental licenses, authorizations, consents and approvals required to carry on its business in each jurisdiction in which its business is conducted, except where the failure to be so qualified or to have and hold such governmental licenses, authorization, consents and approvals could not reasonably be expected to have a Material Adverse Effect.

(b) Power and Authority; Due Authorization, Execution and Delivery. The execution and delivery by such Seller Party of this Agreement and each other Transaction Document to which it is a party, and the performance of its obligations hereunder and thereunder and, in the case of Seller, Seller’s use of the proceeds of Purchases made hereunder, are within its powers and authority, corporate or otherwise, and have been duly authorized by all necessary action, corporate or otherwise, on its part. This Agreement and each other Transaction Document to which such Seller Party is a party has been duly executed and delivered by such Seller Party.

(c) No Conflict. The execution and delivery by such Seller Party of this Agreement and each other Transaction Document to which it is a party, and the performance of its obligations hereunder and thereunder do not contravene or violate (i) its certificate or articles of incorporation or organization, by-laws or limited liability company agreement (or equivalent governing documents), (ii) any law, rule or regulation applicable to it, (iii) any restrictions under any agreement, contract or instrument to which it is a party or by which it or any of its property is bound, or (iv) any order, writ, judgment, award, injunction or decree binding on or affecting it or its property, and do not result in the creation or imposition of any Adverse Claim on assets of such Seller Party or its Subsidiaries (except as created hereunder); and no transaction contemplated hereby requires compliance with any bulk sales act or similar law.

(d) Governmental Authorization. Other than the filing of the financing statements required hereunder, no authorization or approval or other action by, and no notice to or filing with, any governmental authority or regulatory body is required for the due execution and delivery by such Seller Party of this Agreement and each other Transaction Document to which it is a party and the performance of its obligations hereunder and thereunder.

(e) Actions, Suits. There are no actions, suits or proceedings pending, or to the best of such Seller Party's knowledge, threatened, against or affecting such Seller Party, or any of its properties, in or before any court, arbitrator or other body, that could reasonably be expected to have a Material Adverse Effect. Such Seller Party is not in default with respect to any order of any court, arbitrator or governmental body.

(f) Binding Effect. This Agreement and each other Transaction Document to which such Seller Party is a party constitute the legal, valid and binding obligations of such Seller Party enforceable against such Seller Party in accordance with their respective terms, except as such enforcement may be limited by applicable bankruptcy, insolvency, reorganization or other similar laws relating to or limiting creditors' rights generally and by general principles of equity (regardless of whether enforcement is sought in a proceeding in equity or at law).

(g) Accuracy of Information. All information heretofore furnished by such Seller Party or any of its Affiliates to Agent, the Purchaser Agents or the Purchasers for purposes of or in connection with this Agreement, any of the other Transaction Documents or any transaction contemplated hereby or thereby is, and all such information hereafter furnished by such Seller Party or any of its Affiliates to Agent, the Purchaser Agents or the Purchasers will be, true and accurate in every material respect on the date such information is stated or certified and does not and will not contain any material misstatement of fact or omit to state a material fact or any fact necessary to make the statements contained therein not materially misleading.

(h) Use of Proceeds. No proceeds of any Purchase hereunder will be used (i) for a purpose that violates, or would be inconsistent with, Regulation T, U or X promulgated by the Board of Governors of the Federal Reserve System from time to time or (ii) to acquire any security in any transaction which is subject to Section 12, 13 or 14 of the Securities Exchange Act of 1934, as amended.

(i) Good Title. Immediately prior to each Purchase hereunder, Seller shall be the legal and beneficial owner of the Receivables and Related Security with respect thereto, free and clear of any Adverse Claim, except as created by the Transaction Documents. There have been duly filed all financing statements or other similar instruments or documents necessary under the UCC (or any comparable law) of all appropriate jurisdictions to perfect Seller's ownership interest in each Receivable, its Collections and the Related Security.

(j) Perfection. This Agreement, together with the filing of the financing statements contemplated hereby, is effective to, and shall, upon each Purchase hereunder, transfer to Agent for the benefit of the Purchasers (and Agent for the benefit of the Purchasers shall acquire from Seller) a valid and perfected ownership of or first priority perfected security interest in each Receivable existing or hereafter arising and in the Related Security and Collections with respect thereto, free and clear of any Adverse Claim, except as created by the Transaction Documents. There have been duly filed all financing statements or other similar instruments or documents necessary under the UCC (or any comparable law) of all appropriate jurisdictions to perfect Agent's (on behalf of the Purchasers) ownership or security interest in the Receivables, the Related Security and the Collections.

(k) Jurisdiction of Organization; Places of Business and Locations of Records. The principal places of business, jurisdiction of organization and chief executive office of such Seller Party and the offices where it keeps all of its Records are located at the address(es) listed on Exhibit III or such other locations of which Agent and each Purchaser Agent have been notified in accordance with Section 7.2(a) in jurisdictions where all action required by Section 7.1(h) and/or Section 14.4(a) has been taken and completed. Such Seller party's organizational number assigned to it by its jurisdiction of organization and such Seller Party's Federal Employer Identification Number are correctly set forth on Exhibit III. Except as set forth on Exhibit III, such Seller Party has not, within a period of one year prior to the date hereof, (i) changed the location of its principal place of business or chief executive office or its organizational structure, (ii) changed its legal name, (iii) become a "new debtor" (as defined in Section 9-102(a)(56) of the UCC in effect in the State of Minnesota) or (iv) changed its jurisdiction of organization. Seller is a Minnesota limited liability company and is a "registered organization" (within the meaning of Section 9-102 of the UCC in effect in the State of Minnesota).

(l) Collections. The conditions and requirements set forth in Section 7.1(j) and Section 8.2 have at all times been satisfied and duly performed. The names and addresses of all Collection Banks, together with the account numbers of the Collection Accounts at each Collection Bank and the post office box number of each Lock-Box or P.O. Box, are listed on Exhibit IV or have been provided to Agent and each Purchaser Agent in a written notice that complies with Section 7.2(b). Seller has not granted any Person, other than Agent as contemplated by this Agreement, dominion and control or "control" (within the meaning of Section 9-104 of the UCC of all applicable jurisdictions) of any Lock-Box, P.O. Box, Collection Account or the Reserve Account, or the right to take dominion and control or "control" (within the meaning of Section 9-104 of the UCC of all applicable jurisdictions) of any such Lock-Box, P.O. Box, Collection Account or the Reserve Account at a future time or upon the occurrence of

a future event. Each Seller Party has taken all steps necessary to ensure that Agent has “control” (within the meaning of Section 9-104 of the UCC of all applicable jurisdictions) over all Collection Accounts and the Reserve Account. Such Seller Party has the ability to identify, within one Business Day of deposit, all amounts that are deposited to any First Tier Account as constituting Collections or non-Collections. No funds other than the proceeds of Receivables are deposited to the Second-Tier Account.

(m) Material Adverse Effect. (i) The initial Servicer represents and warrants that since January 26, 2002, no event has occurred that would have a material adverse effect on the financial condition or operations of the initial Servicer and its Subsidiaries or the ability of the initial Servicer to perform its obligations under this Agreement, and (ii) Seller represents and warrants that since May 10, 2002, no event has occurred that would have a material adverse effect on (A) the financial condition or operations of Seller, (B) the ability of Seller to perform its obligations under the Transaction Documents, or (C) the collectibility of the Receivables generally or any material portion of the Receivables.

(n) Names. In the past five (5) years, Seller has not used any corporate or other names, trade names or assumed names other than the name in which it has executed this Agreement.

(o) Ownership of Seller. PDCo owns, directly or indirectly, 100% of the issued and outstanding membership units of Seller, free and clear of any Adverse Claim. Such membership units are validly issued, fully paid and nonassessable, and there are no options, warrants or other rights to acquire securities of Seller.

(p) Not an Investment Company. Such Seller Party is not and, after giving effect to the transactions contemplated hereby, will not be required to be registered as, an “investment company” within the meaning of the Investment Company Act of 1940, as amended (the “Investment Company Act”), or any successor statute. Seller is not a “covered fund” under Section 13 of the U.S. Bank Holding Company Act of 1956, as amended, and the applicable rules and regulations thereunder (the “Volcker Rule”). In determining that Seller is not a “covered fund” under the Volcker Rule, Seller is entitled to rely on the exemption from the definition of “investment company” set forth in Section 3(c)(5)(A) or (B) of the Investment Company Act and may also rely on other exemptions under the Investment Company Act.

(q) Compliance with Law. Such Seller Party has complied in all respects with all applicable laws, rules, regulations, orders, writs, judgments, injunctions, decrees or awards to which it may be subject, except where the failure to so comply could not reasonably be expected to have a Material Adverse Effect. Each Receivable, together with the Contract related thereto, does not contravene any laws, rules or regulations applicable thereto (including, without limitation, laws, rules and regulations relating to truth in lending, fair credit billing, fair credit reporting, equal credit opportunity, fair debt collection practices and privacy), and no part of such Contract is in violation of any such law, rule or regulation.

(r) Compliance with Credit and Collection Policy. Such Seller Party has complied in all material respects with the Credit and Collection Policy with regard to each

Receivable and the related Contract, and has not made any material change to such Credit and Collection Policy, except such material change as to which Agent and each Purchaser Agent have been notified in accordance with Section 7.1(a)(vii).

(s) Payments to Originators. With respect to each Receivable transferred to Seller under the Receivables Sale Agreement, Seller has given reasonably equivalent value to the applicable Originator in consideration therefor and such transfer was not made for or on account of an antecedent debt. No transfer by any Originator of any Receivable under the Receivables Sale Agreement is or may be voidable under any section of the Federal Bankruptcy Code.

(t) Enforceability of Contracts. Each Contract with respect to each Receivable is effective to create, and has created, a legal, valid and binding obligation of the related Obligor to pay the Outstanding Balance of the Receivable created thereunder and any accrued interest thereon, enforceable against the Obligor in accordance with its terms, except as such enforcement may be limited by applicable bankruptcy, insolvency, reorganization or other similar laws relating to or limiting creditors' rights generally and by general principles of equity (regardless of whether enforcement is sought in a proceeding in equity or at law).

(u) Eligible Receivables. Each Receivable included in the Net Portfolio Balance as an Eligible Receivable was an Eligible Receivable on the date of its purchase by Seller under the Receivables Sale Agreement.

(v) Net Portfolio Balance. Seller has determined that, immediately after giving effect to each Purchase hereunder (including the initial Purchase and the Deemed Exchange on the date hereof), the Net Portfolio Balance equals or exceeds the sum of (i) the Aggregate Capital, plus (ii) the Credit Enhancement, in each case, at such time.

(w) Accounting. The manner in which such Seller Party accounts for the transactions contemplated by this Agreement and the Receivables Sale Agreement does not jeopardize the true sale analysis.

(x) Prior Agreement. As of the date hereof, no Amortization Event or Potential Amortization Event has occurred and is continuing under the Prior Agreement and no default under any of the "Transaction Documents" (as defined in the Prior Agreement) has occurred and is continuing.

(y) The Hedging Agreement entered into by Seller is for the purpose of hedging interest rate risk, and not for speculative purposes or to gain investment exposure to any financial or other assets.

(z) Anti-Corruption Laws, Anti-Terrorism Laws and Sanctions. None of (a) the Seller Parties or any of their respective Subsidiaries, Affiliates, directors, officers, employees, or agents that will act in any capacity in connection with or directly benefit from the facility established hereby is a Sanctioned Person, (b) the Seller Parties nor any of their respective Subsidiaries is organized or resident in a Sanctioned Country, and (c) the Seller

Parties has violated, been found in violation of or is under investigation by any governmental authority for possible violation of any Anti-Corruption Laws, Anti-Terrorism Laws or of any Sanctions. No proceeds received by any Seller Party or any of their respective Subsidiaries or Affiliates in connection with any Purchase will be used in any manner that will violate Anti-Corruption Laws, Anti-Terrorism Laws or Sanctions.

(aa) Policies and Procedures. Policies and procedures have been implemented and maintained by or on behalf of each of the Seller Parties that are designed to achieve compliance by the Seller Parties and their respective Subsidiaries, Affiliates, directors, officers, employees and agents with Anti-Corruption Laws, Anti-Terrorism Laws and Sanctions, and the Seller Parties and their respective Subsidiaries, Affiliates, officers, employees, directors and agents acting in any capacity in connection with or directly benefitting from the facility established hereby, are in compliance with Anti-Corruption Laws, Anti-Terrorism Laws and Sanctions.

(bb) Beneficial Ownership Rule. The Seller is an entity that is organized under the laws of the United States or of any State and at least 51 percent of whose common stock or analogous equity interest is owned by a Person whose common stock or analogous equity interests are listed on the New York Stock Exchange or the American Stock Exchange or have been designated as a NASDAQ National Market Security listed on the NASDAQ stock exchange and is excluded on that basis from the definition of Legal Entity Customer as defined in the Beneficial Ownership Rule.

ARTICLE VI

CONDITIONS OF PURCHASES

Section 6.1 Conditions Precedent to Initial Purchase and Deemed Exchange. Each of the initial Purchase and the Deemed Exchange under this Agreement are subject to the conditions precedent that (a) Agent and each Purchaser Agent shall have received on or before the date of such Purchase those documents listed on Schedule B, Agent, (b) each Purchaser Agent and each Purchaser shall have received all fees and expenses required to be paid on or prior to such date pursuant to the terms of this Agreement and/or any Fee Letter, (c) Seller shall have marked its books and records with a legend satisfactory to Agent identifying Agent's interest therein, (d) Agent and each Purchaser Agent shall have completed to its satisfaction a due diligence review of each Originator's and Seller's billing, collection and reporting systems and other items related to the Receivables and (e) each of the Purchasers shall have received the approval of its credit committee of the transactions contemplated hereby.

Section 6.2 Conditions Precedent to All Purchases. Each Purchase (including the initial Purchase and the Deemed Exchange) shall be subject to the further conditions precedent that in the case of each such Purchase: (a) Servicer shall have delivered to Agent and each Purchaser Agent on or prior to the date of such Purchase, in form and substance satisfactory to Agent and each Purchaser Agent, all Monthly Reports and Weekly Reports as and when due under Section 8.5, and upon Agent's or any Purchaser Agent's request, Servicer shall have delivered to Agent and each Purchaser Agent at least three (3) days prior to such Purchase an

interim Monthly Report showing the amount of Eligible Receivables; (b) the Facility Termination Date shall not have occurred; (c) Agent and each Purchaser Agent shall have received a duly executed Purchase Notice and such other approvals, opinions or documents as Agent or any Purchaser Agent may reasonably request; (d) if required to be in effect pursuant to Section 7.3, the Hedging Agreements shall be in full force and effect; (e) if the date of such Purchase will be other than a Settlement Date, Servicer shall have delivered to Agent and each Purchaser on or prior to the date of such Purchase, in form and substance satisfactory to Agent and each Purchaser Agent, a pro-forma Monthly Report after giving effect to such Purchase and all Receivables purchased by Seller under the Receivables Sale Agreement on or prior to such date of Purchase and (f) on the date of each such Purchase, the following statements shall be true (and acceptance of the proceeds of such Purchase shall be deemed a representation and warranty by Seller that such statements are then true):

(i) the representations and warranties set forth in Section 5.1 are true and correct on and as of the date of such Purchase as though made on and as of such date;

(ii) no event has occurred and is continuing, or would result from such Purchase, that will constitute an Amortization Event, and no event has occurred and is continuing, or would result from such Purchase, that would constitute a Potential Amortization Event;

(iii) the Aggregate Capital does not exceed the Purchase Limit and the Net Portfolio Balance equals or exceeds the sum of (i) the Aggregate Capital, plus (ii) the Credit Enhancement, in each case, both immediately before and after giving effect to such Purchase;

(iv) the Temporary Credit Enhancement Period is not continuing as of the date of such Purchase; and

(v) the amount on deposit in the Reserve Account is at least equal to the Reserve Account Required Amount.

ARTICLE VII

COVENANTS

Section 7.1 Affirmative Covenants of The Seller Parties. Until the date on which the Aggregate Unpaid have been indefeasibly paid in full and this Agreement terminates in accordance with its terms, each Seller Party hereby covenants, as to itself, as set forth below:

(a) Financial Reporting. Such Seller Party will maintain, for itself and each of its Subsidiaries, a system of accounting established and administered in accordance with GAAP, and furnish or cause to be furnished to Agent and each Purchaser Agent:

(i) Annual Reporting. Within 90 days after the close of each of its respective Fiscal Years, (x) audited, unqualified consolidated financial statements (which shall include balance sheets, statements of income and retained earnings and a statement of cash flows) for PDCo and its consolidated Subsidiaries for such Fiscal Year certified in a manner acceptable to Agent by independent public accountants acceptable to Agent and (y) unaudited balance sheets of Seller as at the close of such Fiscal Year and statements of income and retained earnings and a statement of cash flows for Seller for such Fiscal Year, all certified by its chief financial officer. Delivery within the time period specified above of PDCo's annual report on Form 10-K for such Fiscal Year (together with PDCo's annual report to shareholders, if any, prepared pursuant to Rule 14a-3 under the Securities Exchange Act of 1934, as amended) prepared in accordance with the requirements therefor and filed with the Securities and Exchange Commission shall be deemed to satisfy the requirements of clause (x) of this Section 7.1(a)(i), **provided** that the report of the independent public accountants contained therein is acceptable to Agent.

(ii) Quarterly Reporting. Within 45 days after the close of the first three (3) quarterly periods of each of its respective Fiscal Years, unaudited balance sheets of PDCo as at the close of each such period and statements of income and retained earnings and a statement of cash flows for PDCo for the period from the beginning of such Fiscal Year to the end of such quarter, all certified by its chief financial officer. Delivery within the time period specified above of copies of PDCo's quarterly report Form 10-Q for such fiscal quarter prepared in accordance with the requirements therefor and filed with the Securities and Exchange Commission shall be deemed to satisfy the foregoing requirements of this Section 7.1(a)(ii).

(iii) Compliance Certificate. Together with the financial statements required hereunder, a compliance certificate in substantially the form of Exhibit V signed by such Seller Party's Authorized Officer and dated the date of such annual financial statement or such quarterly financial statement, as the case may be.

(iv) Shareholders Statements and Reports. Promptly upon the furnishing thereof to the shareholders of such Seller Party copies of all financial statements, reports and proxy statements so furnished.

(v) S.E.C. Filings. Promptly upon the filing thereof, copies of all registration statements and annual, quarterly, monthly or other regular reports which PDCo, any Originator or any of their respective Subsidiaries files with the Securities and Exchange Commission.

(vi) Copies of Notices. Promptly upon its receipt of any notice, request for consent, financial statements, certification, report or other communication under or in connection with any Transaction Document from any Person other than Agent, any Purchaser Agent (so long as Agent is copied on such communication) or any Purchaser (so long as each other Purchaser is copied on such communication), copies of the same.

(vii) Change in Credit and Collection Policy. At least thirty (30) days prior to the effectiveness of any material change in or material amendment to the Credit and Collection Policy, a copy of the Credit and Collection Policy then in effect and a notice (A) indicating such change or amendment, and (B) if such proposed change or amendment would be reasonably likely to adversely affect the collectibility of the Receivables or decrease the credit quality of any newly created Receivables, requesting Agent's and each Purchaser Agent's consent thereto.

(viii) Sale Assignments. Promptly upon its receipt of any Sale Assignment under and as defined in the Receivables Sale Agreement, copies of the same.

(ix) Other Information. Promptly, from time to time, such other information, documents, records or reports relating to the Receivables or the condition or operations, financial or otherwise, of such Seller Party as Agent or any Purchaser Agent may from time to time reasonably request in order to protect the interests of Agent and the Purchasers under or as contemplated by this Agreement.

(b) Notices. Such Seller Party will notify Agent and each Purchaser Agent in writing of any of the following promptly upon learning of the occurrence thereof, describing the same and, if applicable, the steps being taken with respect thereto:

(i) Amortization Events or Potential Amortization Events. The occurrence of each Amortization Event and each Potential Amortization Event, by a statement of an Authorized Officer of such Seller Party.

(ii) Judgment and Proceedings. (1) The entry of any judgment or decree against Servicer or any of its respective Subsidiaries if the aggregate amount of all judgments and decrees then outstanding against Servicer and its Subsidiaries exceeds \$1,000,000 and (2) the institution of any litigation, arbitration proceeding or governmental proceeding against Servicer that could, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect; and (B) the entry of any judgment or decree or the institution of any litigation, arbitration proceeding or governmental proceeding against Seller.

(iii) Material Adverse Effect. The occurrence of any event or condition that has had, or could reasonably be expected to have, a Material Adverse Effect.

(iv) Termination Date. The occurrence of the "Termination Date" under and as defined in the Receivables Sale Agreement.

(v) Defaults Under Other Agreements. The occurrence of a default or an event of default under any other financing arrangement pursuant to which such Seller Party is a debtor or an obligor.

(vi) Downgrade of PDCo or any Originator. Any downgrade in the rating of any Indebtedness of PDCo or any Originator by S&P or Moody's, setting forth the Indebtedness affected and the nature of such change.

(vii) Appointment of Independent Governor. The decision to appoint a new governor of Seller as the "Independent Governor" for purposes of this Agreement, such notice to be issued not less than ten (10) days prior to the effective date of such appointment and to certify that the designated Person satisfies the criteria set forth in the definition herein of "Independent Governor."

(c) Compliance with Laws and Preservation of Existence. Such Seller Party will comply in all respects with all applicable laws, rules, regulations, orders, writs, judgments, injunctions, decrees or awards to which it may be subject, except where the failure to so comply could not reasonably be expected to have a Material Adverse Effect. Such Seller Party will preserve and maintain its legal existence, rights, franchises and privileges in the jurisdiction of its organization, and qualify and remain qualified in good standing as a foreign entity in each jurisdiction where its business is conducted, except where the failure to so preserve and maintain any such rights, franchises or privileges or to so qualify could not reasonably be expected to have a Material Adverse Effect.

(d) Audits. Such Seller Party will furnish to Agent and each Purchaser Agent from time to time such information with respect to it and the Receivables as Agent or any Purchaser Agent may reasonably request. Such Seller Party will, from time to time during regular business hours as requested by Agent or any Purchaser Agent upon reasonable notice and at the sole cost of such Seller Party, permit Agent or any Purchaser Agent or any of their respective agents or representatives, (i) to examine and make copies of and abstracts from all Records in the possession or under the control of such Person relating to the Receivables and the Related Security, including, without limitation, the related Contracts, and (ii) to visit the offices and properties of such Person for the purpose of examining such materials described in clause (i) above, and to discuss matters relating to such Person's financial condition or the Receivables and the Related Security or any Person's performance under any of the Transaction Documents or any Person's performance under the Contracts and, in each case, with any of the officers or employees of Seller or Servicer having knowledge of such matters. Without limiting the foregoing, such Seller Party will, annually and prior to any Financial Institution renewing its Commitment hereunder, during regular business hours as requested by Agent or any Purchaser Agent upon reasonable notice and at the sole cost of such Seller Party, permit Agent or any Purchaser Agent or any of their respective agents or representatives, to conduct a follow-up audit.

(e) Keeping and Marking of Records and Books.

(i) Servicer will maintain and implement administrative and operating procedures (including, without limitation, an ability to recreate records evidencing Receivables in the event of the destruction of the originals thereof), and keep and maintain all documents, books, records and other information reasonably necessary or advisable for the collection of all Receivables (including, without limitation, records

adequate to permit the immediate identification of each new Receivable and all Collections of and adjustments to each existing Receivable). Servicer will give Agent notice of any material change in the administrative and operating procedures referred to in the previous sentence.

(ii) Such Seller Party (A) has on or prior to May 10, 2002, marked its master data processing records and other books and records relating to the Asset Portfolio with a legend, acceptable to Agent, describing the Asset Portfolio and (B) will, upon the request of Agent (x) mark each Contract with a legend describing the Asset Portfolio and (y) deliver to Agent all Contracts (including, without limitation, all multiple originals of any such Contract) relating to the Receivables.

(f) Compliance with Contracts and Credit and Collection Policy. Such Seller Party will timely and fully (i) perform and comply with all provisions, covenants and other promises required to be observed by it under the Contracts related to the Receivables, and (ii) comply in all respects with the Credit and Collection Policy in regard to each Receivable and the related Contract.

(g) Performance and Enforcement of Receivables Sale Agreement. Seller will, and will require each Originator to, perform each of their respective obligations and undertakings under and pursuant to the Receivables Sale Agreement, will purchase Receivables thereunder in strict compliance with the terms thereof and will vigorously enforce the rights and remedies accorded to Seller under the Receivables Sale Agreement. Seller will take all actions to perfect and enforce its rights and interests (and the rights and interests of Agent and the Purchasers as assignees of Seller) under the Receivables Sale Agreement as Agent may from time to time reasonably request, including, without limitation, making claims to which it may be entitled under any indemnity, reimbursement or similar provision contained in the Receivables Sale Agreement.

(h) Ownership. Seller will take all necessary action to (i) vest legal and equitable title to the Receivables, the Related Security and the Collections purchased under the Receivables Sale Agreement irrevocably in Seller, free and clear of any Adverse Claims other than Adverse Claims in favor of Agent and the Purchasers (including, without limitation, the filing of all financing statements or other similar instruments or documents necessary under the UCC (or any comparable law) of all appropriate jurisdictions to perfect Seller's interest in such Receivables, Related Security and Collections and such other action to perfect, protect or more fully evidence the interest of Seller therein as Agent may reasonably request), and (ii) establish and maintain, in favor of Agent, for the benefit of the Purchasers, a valid and perfected ownership interest (and/or a valid and perfected first priority security interest) in all Receivables, Related Security and Collections to the full extent contemplated herein, free and clear of any Adverse Claims other than Adverse Claims in favor of Agent for the benefit of the Purchasers (including, without limitation, the filing of all financing statements or other similar instruments or documents necessary under the UCC (or any comparable law) of all appropriate jurisdictions to perfect Agent's (for the benefit of the Purchasers) interest in such Receivables, Related

Security and Collections and such other action to perfect, protect or more fully evidence the interest of Agent for the benefit of the Purchasers as Agent may reasonably request).

(i) Purchasers' Reliance. Seller acknowledges that the Purchasers are entering into the transactions contemplated by this Agreement in reliance upon Seller's identity as a legal entity that is separate from each Patterson Entity and their respective Affiliates. Therefore, from and after May 10, 2002, Seller will take all reasonable steps, including, without limitation, all steps that Agent, any Purchaser Agent or any Purchaser may from time to time reasonably request, to maintain Seller's identity as a separate legal entity and to make it manifest to third parties that Seller is an entity with assets and liabilities distinct from those of each Patterson Entity and any Affiliates thereof and not just a division of any Patterson Entity. Without limiting the generality of the foregoing and in addition to the other covenants set forth herein, Seller will:

(A) conduct its own business in its own name and require that all full-time employees of Seller, if any, identify themselves as such and not as employees of any Patterson Entity (including, without limitation, by means of providing appropriate employees with business or identification cards identifying such employees as Seller's employees);

(B) compensate all employees, consultants and agents directly, from Seller's own funds, for services provided to Seller by such employees, consultants and agents and, to the extent any employee, consultant or agent of Seller is also an employee, consultant or agent of any Patterson Entity or any Affiliate thereof, allocate the compensation of such employee, consultant or agent between Seller and such Patterson Entity or such Affiliate, as applicable on a basis that reflects the services rendered to Seller and such Patterson Entity or such Affiliate, as applicable;

(C) clearly identify its offices (by signage or otherwise) as its offices and, if such office is located in the offices of any Patterson Entity or an Affiliate thereof, Seller will lease such office at a fair market rent;

(D) have a separate telephone number, which will be answered only in its name and separate stationery, invoices and checks in its own name;

(E) conduct all transactions with each Patterson Entity and Servicer and their respective Affiliates strictly on an arm's-length basis, allocate all overhead expenses (including, without limitation, telephone and other utility charges) for items shared between Seller and any Patterson Entity or any Affiliate thereof on the basis of actual use to the extent practicable and, to the extent such allocation is not practicable, on a basis reasonably related to actual use;

(F) at all times have a Board of Governors consisting of three members, at least one member of which is an Independent Governor;

(G) observe all limited liability company formalities as a distinct entity, and ensure that all limited liability company actions relating to (1) the selection, maintenance or replacement of the Independent Governor, (2) the dissolution or liquidation of Seller or (3) the initiation of, participation in, acquiescence in or consent to any bankruptcy, insolvency, reorganization or similar proceeding involving Seller, are duly authorized by unanimous vote of its Board of Governors (including the Independent Governor);

(H) maintain Seller's books and records separate from those of each Patterson Entity and any Affiliate thereof and otherwise readily identifiable as its own assets rather than assets of any Patterson Entity and any Affiliate thereof;

(I) prepare its financial statements separately from those of each Patterson Entity and insure that any consolidated financial statements of any Patterson Entity or any Affiliate thereof that include Seller, including any that are filed with the Securities and Exchange Commission or any other governmental agency have notes clearly stating that Seller is a separate legal entity and that its assets will be available first and foremost to satisfy the claims of the creditors of Seller;

(J) except as herein specifically otherwise provided, maintain the funds or other assets of Seller separate from, and not commingled with, those of any Patterson Entity or any Affiliate thereof and only maintain bank accounts or other depository accounts to which Seller alone (or Servicer in the performance of its duties hereunder) is the account party and from which Seller alone (or Servicer in the performance of its duties hereunder or Agent hereunder) has the power to make withdrawals;

(K) pay all of Seller's operating expenses from Seller's own assets (except for certain payments by any Patterson Entity or other Persons pursuant to allocation arrangements that comply with the requirements of this Section 7.1(i));

(L) operate its business and activities such that: it does not engage in any business or activity of any kind, or enter into any transaction or indenture, mortgage, instrument, agreement, contract, lease or other undertaking, other than the transactions contemplated and authorized by this Agreement and the Receivables Sale Agreement; and does not create, incur, guarantee, assume or suffer to exist any Indebtedness or other liabilities, whether direct or contingent, other than (1) as a result of the endorsement of negotiable instruments for deposit or collection or similar transactions in the ordinary course of business, (2) the incurrence of obligations under this Agreement, (3) the incurrence of obligations, as expressly contemplated in the Receivables Sale Agreement, to make payment to the Originators thereunder for the purchase of Receivables from the Originators under the Receivables Sale Agreement, and (4) the incurrence of operating expenses in the ordinary course of business of the type otherwise contemplated by this Agreement;

(M) maintain its articles of organization and bylaws in conformity with this Agreement, such that (1) it does not amend, restate, supplement or otherwise modify its articles of organization or bylaws in any respect that would impair its ability to comply with the terms or provisions of any of the Transaction Documents, including, without limitation, Section 7.1(i) of this Agreement; and (2) its articles of organization and bylaws, at all times that this Agreement is in effect, provides for not less than ten (10) days' prior written notice to Agent of the replacement or appointment of any governor that is to serve as an Independent Governor for purposes of this Agreement and the condition precedent to giving effect to such replacement or appointment that Seller certify that the designated Person satisfied the criteria set forth in the definition herein of "Independent Governor" and Agent's written acknowledgement that in its reasonable judgment the designated Person satisfies the criteria set forth in the definition herein of "Independent Governor";

(N) maintain the effectiveness of, and continue to perform under the Receivables Sale Agreement, the Performance Undertaking and the other Transaction Documents, such that it does not amend, restate, supplement, cancel, terminate or otherwise modify the Receivables Sale Agreement, the Performance Undertaking or any other Transaction Document, or give any consent, waiver, directive or approval thereunder or waive any default, action, omission or breach under the Receivables Sale Agreement, the Performance Undertaking, or any other Transaction Document, or otherwise grant any indulgence thereunder, without (in each case) the prior written consent of Agent and the Required Purchasers;

(O) maintain its legal separateness such that it does not merge or consolidate with or into, or convey, transfer, lease or otherwise dispose of (whether in one transaction or in a series of transactions, and except as otherwise contemplated herein) all or substantially all of its assets (whether now owned or hereafter acquired) to, or acquire all or substantially all of the assets of, any Person, nor at any time create, have, acquire, maintain or hold any interest in any Subsidiary;

(P) maintain at all times the Required Capital Amount (as defined in the Receivables Sale Agreement) and refrain from making any dividend, distribution, redemption of membership units or payment of any subordinated Indebtedness or other liabilities which would cause the Required Capital Amount to cease to be so maintained; and

(Q) take such other actions as are necessary on its part to ensure that the facts and assumptions set forth in the opinion issued by Briggs and Morgan, Professional Association, as counsel for Seller, dated June 19, 2002 (as such opinion may be brought down or replaced from time to time), relating to substantive consolidation issues, and in the certificates accompanying such opinion, remain true and correct in all material respects at all times.

(j) Collections. Such Seller Party will cause (1) all items from all P.O. Boxes to be processed and deposited into a Collection Account within 1 Business Day after

receipt in a P.O. Box, all ACH Receipts to be deposited immediately to a Collection Account and all proceeds from all Lock-Boxes to be directly deposited by a Collection Bank into a Collection Account, (2) all Collections deposited to any First-Tier Account to be electronically swept or otherwise transferred to the Second-Tier Account within 1 Business Day of being deposited to such First-Tier Account, and (3) each Lock-Box, P.O. Box and Collection Account to be subject at all times to a Collection Account Agreement that is in full force and effect. In the event any payments relating to Receivables are remitted directly to any Seller Party or any Affiliate of any Seller Party, such Seller Party will remit (or will cause all such payments to be remitted) directly to a Collection Bank and deposited into a Collection Account within 1 Business Day following receipt thereof, and, at all times prior to such remittance, such Seller Party or Affiliate will itself hold or, if applicable, will cause such payments to be held in trust for the exclusive benefit of Agent and the Purchasers. Seller will maintain exclusive ownership, dominion and control (subject to the terms of this Agreement) of each Lock-Box, P.O. Box and Collection Account and shall not grant the right to take dominion and control or establish “control” (within the meaning of Section 9-104 of the UCC of all applicable jurisdictions) of any Lock-Box, P.O. Box or Collection Account at a future time or upon the occurrence of a future event to any Person, except to Agent as contemplated by this Agreement. With respect to each Collection Account and the Reserve Account, each Seller Party shall take all steps necessary to ensure that Agent has “control” (within the meaning of Section 9-104 of the UCC of all applicable jurisdictions) over each such Collection Account.

(k) Taxes. Such Seller Party will file all tax returns and reports required by law to be filed by it and will promptly pay all taxes and governmental charges at any time owing. Seller will pay when due any taxes payable in connection with the Receivables, exclusive of taxes on or measured by income or gross receipts of any Conduit, Agent or any Financial Institution.

(l) Insurance. Seller will maintain in effect, or cause to be maintained in effect, at Seller’s own expense, such casualty and liability insurance as Seller shall deem appropriate in its good faith business judgment. Agent, for the benefit of the Purchasers, shall be named as an additional insured with respect to all such liability insurance maintained by Seller. Seller will pay or cause to be paid, the premiums therefor and deliver to Agent evidence satisfactory to Agent of such insurance coverage. Copies of each policy shall be furnished to Agent and any Purchaser in certificated form upon Agent’s or such Purchaser’s request. The foregoing requirements shall not be construed to negate, reduce or modify, and are in addition to, Seller’s obligations hereunder.

(m) Payments to Originators. With respect to any Receivable purchased by Seller from any Originator, such sale shall be effected under, and in strict compliance with the terms of, the Receivables Sale Agreement, including, without limitation, the terms relating to the amount and timing of payments to be made to such Originator in respect of the purchase price for such Receivable.

(n) Anti-Corruption Laws, Anti-Terrorism Laws and Sanctions. Such Seller Party will cause policies and procedures to be maintained and enforced by or on behalf of

such Seller Party that are designed to promote and achieve compliance, by the Seller Parties and each of their Subsidiaries, Affiliates and their respective directors, officers, employees and agents with Anti-Corruption Laws, Anti-Terrorism Laws and Sanctions.

(o) Beneficial Ownership Rule. Promptly following any change that would result in a change to the status of the Seller as an excluded “Legal Entity Customer” under the Beneficial Ownership Rule, the Seller shall execute and deliver to the Agent a Certification of Beneficial Owner(s) complying with the Beneficial Ownership Rule, in form and substance reasonably acceptable to the Agent.

Section 7.2 Negative Covenants of The Seller Parties. Until the date on which the Aggregate Unpays have been indefeasibly paid in full and this Agreement terminates in accordance with its terms, each Seller Party hereby covenants, as to itself, that:

(a) Name Change, Offices and Records. Such Seller Party will not change its name, jurisdiction of organization, identity or organizational structure (within the meaning of Sections 9-503 and/or 9-507 of the UCC of all applicable jurisdictions) or relocate its chief executive office, principal place of business or any office where Records are kept unless it shall have: (i) given Agent and each Purchaser Agent at least forty-five (45) days’ prior written notice thereof and (ii) delivered to Agent all financing statements, instruments and other documents requested by Agent and each Purchaser Agent in connection with such change or relocation.

(b) Change in Payment Instructions to Obligors. Except as may be required by Agent pursuant to Section 8.2(b), such Seller Party will not add or terminate any bank as a Collection Bank, or make any change in the instructions to Obligors regarding payments to be made to any Lock-Box, P.O. Box or Collection Account, unless Agent and each Purchaser Agent shall have received, at least ten (10) days before the proposed effective date therefor, (i) written notice of such addition, termination or change and (ii) with respect to the addition of a Collection Bank or a Collection Account, P.O. Box or Lock-Box, an executed Collection Account Agreement with respect to the new Collection Account or Lock-Box or P.O. Box; provided, however, that Servicer may make changes in instructions to Obligors regarding payments if such new instructions require such Obligor to make payments to another existing Collection Account.

(c) Modifications to Contracts and Credit and Collection Policy. Such Seller Party will not make any change to the Credit and Collection Policy that could adversely affect the collectibility of the Receivables or decrease the credit quality of any newly created Receivables. Servicer will not extend, amend or otherwise modify the terms of any Receivable or any Contract related thereto other than in accordance with the Credit and Collection Policy and Section 8.2(d).

(d) Sales, Liens. Seller will not sell, assign (by operation of law or otherwise) or otherwise dispose of, or grant any option with respect to, or create or suffer to exist any Adverse Claim upon (including, without limitation, the filing of any financing statement) or with respect to, any Receivable, Related Security or Collections, or upon or with respect to any

Contract under which any Receivable arises, or any Lock-Box, P.O. Box or Collection Account, or assign any right to receive income with respect thereto (other than, in each case, the creation of the interests therein in favor of Agent and the Purchasers provided for herein), and Seller will defend the right, title and interest of Agent and the Purchasers in, to and under any of the foregoing property, against all claims of third parties claiming through or under Seller or any Originator. Seller will not create or suffer to exist any mortgage, pledge, security interest, encumbrance, lien, charge or other similar arrangement on any of its inventory, the financing or lease of which gives rise to any Receivable.

(e) Net Portfolio Balance. At no time prior to the Amortization Date shall Seller permit the Net Portfolio Balance to be less than an amount equal to the sum of (i) the Aggregate Capital plus (ii) the Credit Enhancement, in each case, at such time.

(f) Termination Date Determination. Seller will not designate the Termination Date (as defined in the Receivables Sale Agreement), or send any written notice to any Originator in respect thereof, without the prior written consent of Agent and each Purchaser Agent, except with respect to the occurrence of such Termination Date arising pursuant to Section 5.1(d) of the Receivables Sale Agreement.

(g) Restricted Junior Payments. From and after the occurrence of any Amortization Event, Seller will not make any Restricted Junior Payment if, after giving effect thereto, Seller would fail to meet its obligations set forth in Section 7.2(e).

(h) Collections. No Seller Party will deposit or otherwise credit, or cause or permit to be so deposited or credited, to the Second-Tier Account cash or cash proceeds other than Collections. Except as may be required by Agent pursuant to the last sentence of Section 8.2(b), no Seller Party will deposit or otherwise credit, or cause or permit to be so deposited or credited, any Collections or proceeds thereof to any lock-box account or to any other account not covered by a Collection Account Agreement.

(i) Anti-Corruption Laws, Anti-Terrorism Laws and Sanctions. No Seller Party will request any Purchase, and shall procure that its respective Subsidiaries, Affiliates, directors, officers, employees and agents shall not use, the proceeds of any Purchase (A) in furtherance of an offer, payment, promise to pay, or authorization of the payment or giving of money, or anything else of value, to any Person in violation of any Anti-Corruption Laws or Anti-Terrorism Laws, (B) for the purpose of funding or financing any activities, business or transaction of or with any Sanctioned Person, or in any Sanctioned Country, in each case to the extent doing so would violate any Sanctions, or (C) in any other manner that would result in liability to any Person under any applicable Sanctions or result in the violation of any Anti-Corruption Laws, Anti-Terrorism Laws or Sanctions.

(j) Evading and Avoiding. No Seller Party will engage in, or permit any of its Subsidiaries, Affiliates or any director, officer, employee, agent or other Person acting on behalf of such Seller Party or any of its Subsidiaries in any capacity in connection with or directly benefitting from the Agreement to engage in, or to conspire to engage in, any transaction

that evades or avoids, or has the purpose of evading or avoiding, or attempts to violate, any of the prohibitions set forth in any Anti-Corruption Laws, Anti-Terrorism Laws and Sanctions.

Section 7.3 Hedging Agreements. (a) Entering into Hedging Agreements. At all times Seller shall be a party to a Hedging Agreement in accordance with the terms hereof.

(b) Notices. Each Seller Party will notify Agent in writing of any of the following promptly upon learning of the occurrence thereof, describing the same, and if applicable, the steps being taken with respect thereto:

(A) the occurrence of any default, event of default, early termination date, termination event or similar event under, or the termination of, any Hedging Agreement;

(B) the failure of any Hedging Agreement (or assignment thereof from Seller to Agent for the ratable benefit of the Purchasers) to be in full force and effect;

(C) any downgrade in, or withdrawal of, the unsecured, unguaranteed, long-term debt rating of any Hedge Provider by S&P or Moody's, setting forth the long-term debt rating effected and the nature of such change; and

(D) any failure of any Hedge Provider to be an Eligible Hedge Provider.

(c) Affirmative Covenants. So long as Seller is a party to any Hedging Agreement:

(A) Seller will timely and fully perform and comply with all provisions, covenants and other promises required to be observed by it under any Hedging Agreement and will vigorously enforce the rights and remedies accorded to Seller under any Hedging Agreement. Seller will take all actions to perfect and enforce its rights and interests (and the rights and interests of Agent and the Purchasers as assignees of Seller) under each Hedging Agreement as Agent may from time to time reasonably request, including, without limitation, making claims to which it may be entitled under any provision contained in any Hedging Agreement.

(B) Seller and Servicer will instruct all Hedge Providers to pay all Hedge Floating Amounts relating to any Hedging Agreement directly to Second-Tier Account. In the event any Hedge Floating Amounts relating to any Hedging Agreement are remitted directly to any Seller Party or any Affiliate of a Seller Party, such Seller Party will remit (or will cause all such payments to be remitted) directly to Second-Tier Account within one Business Day following receipt thereof, and, at all times prior to such remittance, such Seller Party or Affiliate will itself hold or, if applicable, will cause such payments to be held in trust for the exclusive benefit of Agent and the Purchasers.

(C) At any time that it enters into a Hedging Agreement, Seller will (A) execute and deliver to Agent, for the ratable benefit of the Purchasers, an assignment, in form and substance satisfactory to Agent, of all Hedge Floating Amounts payable to Seller under such Hedging Agreement and (B) cause the applicable Hedge Provider to consent and agree to such assignment, which consent and agreement shall be evidenced by a writing in form and substance satisfactory to Agent and shall effect any amendments to the applicable Hedging Agreement to allow such assignment.

(D) If a Hedge Provider Downgrade shall occur with respect to a Hedge Provider, within 10 days thereof, Seller shall cause such Hedge Provider to transfer its obligations under this Agreement and the applicable Hedging Agreement, at such Hedge Provider's cost and expense, to a bank or other financial institution acceptable to Agent, and consented to by Seller (such consent not to be unreasonably withheld) which possesses an unsecured, unguaranteed, long-term debt rating of A- or better by S&P and A3 or better by Moody's.

(d) Negative Covenants. So long as Seller is a party to any Hedging Agreement:

(A) No Seller Party will make any change in the instructions to any Hedge Provider regarding payments to be made to the Second-Tier Account (it being understood that on the date hereof Seller shall instruct each Hedge Provider to direct all Hedge Floating Amounts to the Second-Tier Account in accordance with Section 7.3(c)(B) instead of to the "Agent's Account" under and as defined in the Prior Agreement).

(B) Seller will not designate an early termination date under any Hedging Agreement, or send any written notice to any Hedge Provider in respect thereof, or waive any provision of any Hedging Agreement, without, in each case, the prior written consent of Agent.

(C) Seller shall not supplement, amend, extend, replace, terminate, or otherwise modify any Hedging Agreement without, in each case, the prior written consent of Agent.

ARTICLE VIII

ADMINISTRATION AND COLLECTION

Section 8.1 Designation of Servicer. (a) The servicing, administration and collection of the Receivables on behalf of Agent and the Purchasers shall be conducted by such Person (the "**Servicer**") so designated from time to time in accordance with this Section 8.1. PDCo is hereby designated as, and hereby agrees to perform the duties and obligations of, Servicer for Agent and the Purchasers pursuant to the terms of this Agreement. Agent (on behalf of the Purchasers) may, and at the direction of the Required Purchasers shall, at any time

following the occurrence of an Amortization Event designate as Servicer any Person to succeed PDCo or any successor Servicer.

(a) Without the prior written consent of Agent and the Required Purchasers, PDCo shall not be permitted to delegate any of its duties or responsibilities as Servicer to any Person other than (i) an Originator (with respect to Receivables originated by such Originator), (ii) Seller and (iii) with respect to certain Charged-Off Receivables, outside collection agencies and lawyers in accordance with its customary practices. None of Seller or any Originator shall be permitted to further delegate to any other Person any of the duties or responsibilities of Servicer delegated to it by PDCo. If at any time Agent shall designate as Servicer any Person other than PDCo, all duties and responsibilities theretofore delegated by PDCo to Seller and any Originator may, at the discretion of Agent, be terminated forthwith on notice given by Agent to PDCo and to Seller.

(b) Notwithstanding the foregoing subsection (b), (i) PDCo shall be and remain primarily liable to Agent, the Purchaser Agents and the Purchasers and the Hedge Providers (if any) for the full and prompt performance of all duties and responsibilities of Servicer hereunder and (ii) Agent, the Purchaser Agents and the Purchasers shall be entitled to deal exclusively with PDCo in matters relating to the discharge by Servicer of its duties and responsibilities hereunder. Agent, the Purchaser Agents and the Purchasers shall not be required to give notice, demand or other communication to any Person other than PDCo in order for communication to Servicer and its sub-servicer or other delegate with respect thereto to be accomplished. PDCo, at all times that it is Servicer, shall be responsible for providing any sub-servicer or other delegate of Servicer with any notice given to Servicer under this Agreement.

Section 8.2 Duties of Servicer. (a) Servicer shall take or cause to be taken all such actions as may be necessary or advisable to collect each Receivable from time to time, all in accordance with applicable laws, rules and regulations, with reasonable care and diligence, and in accordance with the Credit and Collection Policy.

(b) Servicer will instruct all Obligors to pay all Collections either (i) directly to a Collection Account by means of an automatic electronic funds transfer, wire transfer or otherwise or (ii) directly to a Lock-Box or P.O. Box. Servicer shall cause any payments made by means of automatic electronic funds transfer to be deposited directly into a Collection Account from each Obligor's relevant account. Servicer shall effect a Collection Account Agreement substantially in the form of Exhibit VI with each bank party to a Collection Account at any time. In the case of any remittances received in any Lock-Box, P.O. Box or Collection Account that shall have been identified, to the satisfaction of Servicer, to not constitute Collections or other proceeds of the Receivables or the Related Security, Servicer shall promptly remit such items to the Person identified to it as being the owner of such remittances. From and after the date Agent delivers a Collection Notice to any Collection Bank or a Postal Notice to any post office pursuant to Section 8.3, Agent may request that Servicer, and Servicer thereupon promptly shall instruct all Obligors with respect to the Receivables, to remit all payments thereon to a new lock-box, post office box or depository account specified by Agent and, at all times thereafter, Seller and Servicer shall not deposit or otherwise credit, and shall not permit any other

Person to deposit or otherwise credit to such new lock-box, post office box or depository account any cash or payment item other than Collections.

(c) Servicer shall administer the Collections in accordance with the procedures described herein and in Article II. Servicer shall set aside and hold in trust for the account of Seller (in respect of RPA Deferred Purchase Price, as applicable), the Purchasers and the Hedge Providers (if any) their respective shares of the Collections in accordance with Article II. Servicer shall, upon the request of Agent, segregate, in a manner acceptable to Agent, all cash, checks and other instruments received by it from time to time constituting Collections from the general funds of Servicer or Seller prior to the remittance thereof in accordance with Article II. If Servicer shall be required to segregate Collections pursuant to the preceding sentence, Servicer shall segregate and deposit with a bank designated by Agent such allocable share of Collections of Receivables set aside for the Purchasers on the first Business Day following receipt by Servicer of such Collections, duly endorsed or with duly executed instruments of transfer.

(d) Servicer may, in accordance with the Credit and Collection Policy, extend the maturity of any Receivable or adjust the Outstanding Balance of any Receivable as Servicer determines to be appropriate to maximize Collections thereof; provided, however, that such extension or adjustment shall not (x) alter the status of such Receivable as a Delinquent Receivable, Defaulted Receivable or Charged-Off Receivable and for purposes of determining if such Receivable is a Delinquent Receivable, Defaulted Receivable or Charged-Off Receivable, the original due date for such Receivable shall continue to apply or (y) limit the rights of Agent, the Purchaser Agents or the Purchasers under this Agreement; provided further, however, that solely with respect to any Eligible COVID-19 Modified Receivable, no installment payment that has been reduced to \$0 during the related 3 month deferral period in connection with the COVID-19 Deferred Payment Program shall be considered delinquent for purposes of this Agreement. Notwithstanding anything to the contrary contained herein, Agent shall have the absolute and unlimited right to direct Servicer to commence or settle any legal action with respect to any Receivable or to foreclose upon or repossess any Related Security.

(e) Servicer shall hold in trust for Agent on behalf of the Purchasers all Records that (i) evidence or relate to the Receivables, the related Contracts and Related Security or (ii) are otherwise necessary or desirable to collect the Receivables and shall, as soon as practicable upon demand of Agent, deliver or make available to Agent all such Records, at a place selected by Agent. Servicer shall, as soon as practicable following receipt thereof turn over to Seller any cash collections or other cash proceeds received with respect to Indebtedness not constituting Receivables. Servicer shall, from time to time at the request of any Purchaser, furnish to the Purchasers (promptly after any such request) a calculation of the amounts set aside for the Purchasers pursuant to Article II.

(f) Any payment by an Obligor in respect of any Indebtedness or other liability owed by it to the applicable Originator or Seller shall, except as otherwise specified by such Obligor or otherwise required by contract or law and unless otherwise instructed by Agent, be applied as a Collection of any Receivable of such Obligor (starting with the oldest such

Receivable) to the extent of any amounts then due and payable thereunder before being applied to any other receivable or other obligation of such Obligor.

Section 8.3 Collection Notices. Agent is authorized at any time after the occurrence of an Amortization Event to date and to deliver to the Collection Banks the Collection Notices and to date and deliver the Postal Notices to the applicable post offices. Seller hereby transfers to Agent for the benefit of the Purchasers, effective when Agent delivers such notices, the dominion and control and “control” (within the meaning of Section 9-104 of the UCC of all applicable jurisdictions) of each Lock-Box, P. O. Box, each Collection Account and the amounts on deposit therein. In case any authorized signatory of Seller whose signature appears on a Collection Account Agreement shall cease to have such authority before the delivery of such notice, such Collection Notice or Postal Notice shall nevertheless be valid as if such authority had remained in force. Seller hereby authorizes Agent, and agrees that Agent shall be entitled to (i) endorse Seller’s name on checks and other instruments representing Collections, (ii) enforce the Receivables, the related Contracts and the Related Security and (iii) take such action as shall be necessary or desirable to cause all cash, checks and other instruments constituting Collections of Receivables to come into the possession of Agent rather than Seller.

Section 8.4 Responsibilities of Seller. Anything herein to the contrary notwithstanding, the exercise by Agent, the Purchaser Agents and the Purchasers of their rights hereunder shall not release Servicer, any Originator or Seller from any of their duties or obligations with respect to any Receivables or under the related Contracts. The Purchasers shall have no obligation or liability with respect to any Receivables or related Contracts, nor shall any of them be obligated to perform the obligations of Seller.

Section 8.5 Reports.

(a) Servicer shall prepare and forward to Agent and each Purchaser Agent (i) three Business Days prior to each Settlement Date and at such times as Agent or any Purchaser Agent shall request, a Monthly Report, (ii) no later than the 10th day of each calendar month, a DPP Report and (iii) at such times as Agent or any Purchaser Agent shall request, a listing by Obligor of all Receivables together with an aging of such Receivables. Unless otherwise requested by Agent or any Purchaser Agent, all computations in such Monthly Report and such DPP Report shall be made as of the close of business on the last day of the Accrual Period preceding the date on which such Monthly Report or DPP Report, as applicable, is delivered.

(b) Servicer shall prepare and forward to Agent and each Purchaser Agent, a Weekly Report no later than the first Business Day of each calendar week. Unless otherwise requested by Agent or any Purchaser Agent, all computations in such Weekly Report shall be made as of the close of business on the last Business Day of the prior calendar week.

Section 8.6 Servicing Fees. In consideration of PDCo’s agreement to act as Servicer hereunder, the Purchasers hereby agree that, so long as PDCo shall continue to perform as Servicer hereunder, PDCo shall be paid a fee (the “**Servicing Fee**”) in accordance with the priority of payments set forth in Sections 2.2(c) and 2.3, as applicable, on the 19th calendar day of

each month (or, if such day is not a Business Day, then the next Business Day thereafter), in arrears for the immediately preceding Fiscal Month, equal to 1% per annum of the average Net Portfolio Balance during such period, as compensation for its servicing activities.

ARTICLE IX

AMORTIZATION EVENTS

Section 9.1 Amortization Events. The occurrence of any one or more of the following events shall constitute an “*Amortization Event*”:

(a) Any Seller Party shall fail (i) to make any payment or deposit required hereunder when due, or (ii) to perform or observe any term, covenant or agreement hereunder (other than as referred to in clause (i) of this paragraph (a) and Section 9.1(e)) or any other Transaction Document and such failure shall continue for seven (7) consecutive Business Days.

(b) Any representation, warranty, certification or statement made by any Seller Party in this Agreement, any other Transaction Document or in any other document delivered pursuant hereto or thereto shall prove to have been incorrect in any material respect when made or deemed made.

(c) Failure of Seller to pay any Indebtedness when due or the failure of any other Seller Party to pay Indebtedness when due in excess of \$1,000,000; or the default by any Seller Party in the performance of any term, provision or condition contained in any agreement under which any such Indebtedness was created or is governed, the effect of which is to cause, or to permit the holder or holders of such Indebtedness to cause, such Indebtedness to become due prior to its stated maturity; or any such Indebtedness of any Seller Party shall be declared to be due and payable or required to be prepaid (other than by a regularly scheduled payment) prior to the date of maturity thereof.

(d) (i) Any Seller Party, the Hedge Providers (if any), the Performance Provider or any of their respective Subsidiaries shall generally not pay its debts as such debts become due or shall admit in writing its inability to pay its debts generally or shall make a general assignment for the benefit of creditors; or (ii) any proceeding shall be instituted by or against any Seller Party, the Hedge Providers (if any), the Performance Provider or any of their respective Subsidiaries seeking to adjudicate it bankrupt or insolvent, or seeking liquidation, winding up, reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors, or seeking the entry of an order for relief or the appointment of a receiver, trustee or other similar official for it or any substantial part of its property, and solely in the case of Servicer and the Performance Provider and a proceeding instituted against (and not by) such Person, such proceeding is not dismissed within 60 days; or (iii) any Seller Party, the Hedge Providers (if any), the Performance Provider or any of their respective Subsidiaries shall take any corporate or other action to authorize any of the actions set forth in clauses (i) or (ii) above in this subsection (d).

(e) (i) Seller shall fail to comply with the terms of Section 2.6 or Section 7.3 hereof or (ii) Servicer shall fail to comply with the terms of Section 8.5(b) and such failure shall continue for one (1) Business Day.

(f) As at the end of any Fiscal Month:

(i) the average of the Delinquency Ratio for such Fiscal Month and each of the two immediately preceding Fiscal Months shall exceed 6.50%, or

(ii) the average of the Default Ratio for such Fiscal Month and each of the two immediately preceding Fiscal Months shall exceed 3.30%,

(iii) Excess Spread is less than 0.75%, or

(iv) the average of the Payment Rate for such Fiscal Month and each of the two immediately preceding Fiscal Months shall be less than 2.00%.

(g) A Change of Control shall occur.

(h) A Hedge Provider Downgrade shall occur and a replacement Hedge Provider meeting the requirements of Section 7.3 fails to assume such then current Hedge Provider's obligations under this Agreement and the applicable Hedging Agreement as provided in Section 7.3 after such occurrence.

(i) (i) One or more final judgments for the payment of money shall be entered against Seller or (ii) one or more final judgments for the payment of money in an amount in excess of \$1,000,000, individually or in the aggregate, shall be entered against Servicer on claims not covered by insurance or as to which the insurance carrier has denied its responsibility, and such judgment shall continue unsatisfied and in effect for fifteen (15) consecutive days without a stay of execution.

(j) The "Termination Date" under and as defined in the Receivables Sale Agreement shall occur under the Receivables Sale Agreement or any Originator shall for any reason cease to transfer, or cease to have the legal capacity to transfer, or otherwise be incapable of transferring Receivables to Seller under the Receivables Sale Agreement; or Seller shall for any reason cease to purchase, or cease to have the legal capacity to purchase, or otherwise be incapable of accepting Receivables from any Originator under the Receivables Sale Agreement.

(k) This Agreement shall terminate in whole or in part (except in accordance with its terms), or shall cease to be effective or to be the legally valid, binding and enforceable obligation of Seller, or any Obligor shall directly or indirectly contest in any manner such effectiveness, validity, binding nature or enforceability, or Agent for the benefit of the Purchasers shall cease to have a valid and perfected ownership or first priority perfected security interest in the Receivables, the Related Security and the Collections with respect thereto and the Collection Accounts.

(l) If required to be in effect pursuant to Section 7.3, any Hedging Agreement shall for any reason not be in full force and effect.

(m) The Intercreditor Agreement shall terminate in whole or in part or shall cease to be in full force and effect or US Bank shall directly or indirectly contest in any manner the effectiveness or enforceability thereof.

(n) As determined commencing with fiscal quarter ending January 27, 2018, PDCo's Leverage Ratio shall exceed the applicable amount set forth in Section 6.20 of the Credit Agreement as of any applicable period(s) or date(s) set forth in Section 6.20 of the Credit Agreement.

(o) Performance Provider shall fail to perform or observe any term, covenant or agreement required to be performed by it under the Performance Undertaking, or the Performance Undertaking shall cease to be effective or to be the legally valid, binding and enforceable obligation of Performance Provider, or Performance Provider shall directly or indirectly contest in any manner such effectiveness, validity, binding nature or enforceability.

(p) As determined commencing with fiscal quarter ending January 27, 2018, PDCo's Interest Expense Coverage Ratio shall be less than the applicable amount set forth in Section 6.21 of the Credit Agreement as of any applicable period(s) or date(s) set forth in Section 6.21 of the Credit Agreement.

(q) Any Person shall be appointed as an Independent Governor of Seller without prior notice thereof having been given to Agent in accordance with Section 7.1(b)(vii) or without the written acknowledgement by Agent that such Person conforms, to the satisfaction of Agent, with the criteria set forth in the definition herein of "Independent Governor."

(r) Seller shall fail to pay in full all of its Obligations to Agent and the Purchasers hereunder and under each other Transaction Document on or prior to the Legal Maturity Date.

(s) The Reserve Account shall not be subject to the Reserve Account Agreement at any time after the Post-Amendment Date.

Section 9.2 Remedies. Upon the occurrence and during the continuation of an Amortization Event, Agent may, or upon the direction of the Required Purchasers shall, take any of the following actions: (i) replace the Person then acting as Servicer, (ii) declare the Amortization Date to have occurred, whereupon the Amortization Date shall forthwith occur, without demand, protest or further notice of any kind, all of which are hereby expressly waived by each Seller Party; provided, however, that upon the occurrence of an Amortization Event described in Section 9.1(d), or of an actual or deemed entry of an order for relief with respect to any Seller Party under the Federal Bankruptcy Code or under any other applicable bankruptcy, insolvency, arrangement, moratorium or similar laws of any other jurisdiction (foreign or domestic), the Amortization Date shall automatically occur, without demand, protest or any

notice of any kind, all of which are hereby expressly waived by each Seller Party, (iii) to the fullest extent permitted by applicable law, declare that the Default Fee shall accrue with respect to any of the Aggregate Unpaid outstanding at such time, (iv) deliver the Collection Notices to the Collection Banks and the Postal Notices to any post office where a P.O. Box is located, (v) notify Obligors of the Purchasers' interest in the Receivables and (vi) withdraw funds from the Reserve Account for distribution in accordance with the priority of payments set forth in Section 2.3. The aforementioned rights and remedies shall be without limitation, and shall be in addition to all other rights and remedies of Agent, the Purchaser Agents and the Purchasers otherwise available under any other provision of this Agreement, by operation of law, at equity or otherwise, all of which are hereby expressly preserved, including, without limitation, all rights and remedies provided under the UCC, all of which rights shall be cumulative.

ARTICLE X

INDEMNIFICATION

Section 10.1 Indemnities by The Seller Parties. Without limiting any other rights that Agent, any Purchaser Agent, any Funding Source, any Purchaser or any of their respective Affiliates may have hereunder or under applicable law, (A) Seller hereby agrees to indemnify (and pay upon demand to) Agent, each Purchaser Agent, each Funding Source, each Purchaser and the Hedge Providers (if any) and their respective Affiliates, successors, assigns, officers, directors, agents and employees (each an "**Indemnified Party**") from and against any and all damages, losses, claims, taxes, liabilities, costs, expenses and for all other amounts payable, including reasonable attorneys' fees (which attorneys may be employees of any Indemnified Party) and disbursements (all of the foregoing being collectively referred to as "**Indemnified Amounts**") awarded against or incurred by any of them arising out of or as a result of this Agreement or the Hedging Agreements, or the use of the proceeds of any Purchase hereunder, or the acquisition, funding or ownership either directly or indirectly, by any Indemnified Party of an interest in the Asset Portfolio, Receivables, or any Receivable or any Contract or any Related Security, or any action or inaction of any Seller Party, and (B) Servicer hereby agrees to indemnify (and pay upon demand to) each Indemnified Party for Indemnified Amounts awarded against or incurred by any of them arising out of Servicer's activities as Servicer hereunder excluding, however, in all of the foregoing instances under the preceding clauses (A) and (B):

(x) Indemnified Amounts to the extent a final judgment of a court of competent jurisdiction holds that such Indemnified Amounts resulted from gross negligence or willful misconduct on the part of the Indemnified Party seeking indemnification;

(y) Indemnified Amounts to the extent the same includes losses in respect of Receivables that are uncollectible on account of the insolvency, bankruptcy or lack of creditworthiness of the related Obligor; or

(z) taxes imposed by the jurisdiction in which such Indemnified Party's principal executive office is located, on or measured by the overall net income of such Indemnified Party to the extent that the computation of such taxes is

consistent with the characterization for income tax purposes of the acquisition by the Purchasers of the Asset Portfolio as a loan or loans by the Purchasers to Seller secured by the Receivables, the Related Security, the Collection Accounts and the Collections;

provided, however, that nothing contained in this sentence shall limit the liability of any Seller Party or limit the recourse of the Purchasers to any Seller Party for amounts otherwise specifically provided to be paid by such Seller Party under the terms of this Agreement. Without limiting the generality of the foregoing indemnification, Seller shall indemnify each Indemnified Party for Indemnified Amounts (including, without limitation, losses in respect of uncollectible receivables, regardless of whether reimbursement therefor would constitute recourse to Seller or Servicer) relating to or resulting from:

- (i) any representation or warranty made by any Seller Party, any Originator or Performance Provider (or any officers of any such Person) under or in connection with this Agreement, any other Transaction Document or any other information or report delivered by any such Person pursuant hereto or thereto, which shall have been false or incorrect when made or deemed made;
- (ii) the failure by Seller, Servicer or any Originator to comply with any applicable law, rule or regulation with respect to any Receivable or Contract related thereto, or the nonconformity of any Receivable or Contract included therein with any such applicable law, rule or regulation or any failure of any Originator to keep or perform any of its obligations, express or implied, with respect to any Contract;
- (iii) any failure of Seller, Servicer, any Originator or Performance Provider to perform its duties, covenants or other obligations in accordance with the provisions of this Agreement or any other Transaction Document;
- (iv) any products liability, personal injury or damage suit, or other similar claim arising out of or in connection with merchandise, insurance or services that are the subject of any Contract or any Receivable;
- (v) any dispute, claim, offset or defense (other than discharge in bankruptcy of the Obligor) of the Obligor to the payment of any Receivable (including, without limitation, a defense based on such Receivable or the related Contract not being a legal, valid and binding obligation of such Obligor enforceable against it in accordance with its terms), or any other claim resulting from the sale of the merchandise or service related to such Receivable or the furnishing or failure to furnish such merchandise or services;
- (vi) the commingling of Collections of Receivables at any time with other funds;
- (vii) any investigation, litigation or proceeding related to or arising from this Agreement or any other Transaction Document, the transactions contemplated hereby, the use of the proceeds of a Purchase, the ownership of the Asset

Portfolio (or any portion thereof) or any other investigation, litigation or proceeding relating to Seller, Servicer or any Originator in which any Indemnified Party becomes involved as a result of any of the transactions contemplated hereby;

(viii) any inability to litigate any claim against any Obligor in respect of any Receivable as a result of such Obligor being immune from civil and commercial law and suit on the grounds of sovereignty or otherwise from any legal action, suit or proceeding;

(ix) any Amortization Event described in Section 9.1(d);

(x) any failure of Seller to acquire and maintain legal and equitable title to, and ownership of, any Receivable and the Related Security and Collections with respect thereto from any Originator, free and clear of any Adverse Claim (other than as created hereunder); or any failure of Seller to give reasonably equivalent value to any Originator under the Receivables Sale Agreement in consideration of the transfer by such Originator of any Receivable, or any attempt by any Person to void such transfer under statutory provisions or common law or equitable action;

(xi) any failure to vest and maintain vested in Agent for the benefit of the Purchasers, or to transfer to Agent for the benefit of the Purchasers, legal and equitable title to, and ownership of, or a valid and perfected first priority security interest in, the Asset Portfolio, free and clear of any Adverse Claim (except as created by the Transaction Documents);

(xii) the failure to have filed, or any delay in filing, financing statements or other similar instruments or documents under the UCC of any applicable jurisdiction or other applicable laws with respect to any Receivable, the Related Security and Collections with respect thereto, and the proceeds of any thereof, whether at the time of any Purchase or at any subsequent time;

(xiii) any action or omission by any Seller Party which reduces or impairs the rights of Agent or the Purchasers with respect to any Receivable or the value of any such Receivable;

(xiv) any attempt by any Person to void any Purchase under statutory provisions or common law or equitable action;

(xv) the failure of any Receivable included in the calculation of the Net Portfolio Balance as an Eligible Receivable to be an Eligible Receivable at the time so included;

(xvi) any civil penalty or fine assessed by OFAC or any other governmental authority administering any Anti-Terrorism Law, Anti-Corruption Law or Sanctions, and all reasonable costs and expenses (including reasonable documented legal fees and disbursements) incurred in connection with defense thereof by, any Indemnified

Party in connection with the Transaction Documents as a result of any action of the Seller or any of its respective Affiliates; and

(xvii) the Agent maintaining a security interest in the Reserve Account and applying any funds on deposit therein or any fees or expenses paid by the Agent under or in connection with the Reserve Account Agreement.

Section 10.2 Increased Cost and Reduced Return. (a) If any Regulatory Change (i) subjects any Purchaser or any Funding Source to any charge or withholding on or with respect to any Funding Agreement or this Agreement or a Purchaser's or Funding Source's obligations under a Funding Agreement or this Agreement, or on or with respect to the Receivables, or changes the basis of taxation of payments to any Purchaser or any Funding Source of any amounts payable under any Funding Agreement or this Agreement (except for changes in the rate of tax on the overall net income of a Purchaser or Funding Source or taxes excluded by Section 10.1) or (ii) imposes, modifies or deems applicable any reserve, assessment, fee, tax, insurance charge, special deposit or similar requirement against assets of, deposits with or for the account of, or liabilities of a Funding Source or a Purchaser, or credit extended by a Funding Source or a Purchaser pursuant to a Funding Agreement or this Agreement or (iii) imposes any other condition the result of which is to increase the cost to a Funding Source or a Purchaser of performing its obligations under a Funding Agreement or this Agreement, or to reduce the rate of return on a Funding Source's or Purchaser's capital as a consequence of its obligations under a Funding Agreement or this Agreement, or to reduce the amount of any sum received or receivable by a Funding Source or a Purchaser under a Funding Agreement or this Agreement, or to require any payment calculated by reference to the amount of interests or loans held or interest received by it, then, upon demand by Agent, Seller shall pay to Agent, for the benefit of the relevant Funding Source or Purchaser, such amounts charged to such Funding Source or Purchaser or such amounts to otherwise compensate such Funding Source or such Purchaser for such increased cost or such reduction.

(b) A certificate of the applicable Purchaser or Funding Source setting forth the amount or amounts necessary to compensate such Purchaser or Funding Source pursuant to paragraph (a) of this Section 10.2 shall be delivered to Seller and shall be conclusive absent manifest error.

(c) If any Purchaser or any Funding Source has or anticipates having any claim for compensation from Seller pursuant to clause (iii) of the definition of Regulatory Change, and such Purchaser or Funding Source believes that having the Facility publicly rated by one credit rating agency would reduce the amount of such compensation by an amount deemed by such Purchaser or Funding Source to be material, such Purchaser or Funding Source shall provide written notice to Seller and Servicer (a "**Ratings Request**") that such Purchaser or Funding Source intends to request a public rating of the Facility from one credit rating agency selected by such Purchaser or Funding Source and reasonably acceptable to Seller, of at least AA equivalent (the "**Required Rating**"). Seller and Servicer agree that they shall cooperate with such Purchaser's or Funding Source's efforts to obtain the Required Rating, and shall provide the applicable credit rating agency (either directly or through distribution to Agent, Purchaser or

Funding Source), any information requested by such credit rating agency for purposes of providing and monitoring the Required Rating. Seller shall pay the initial fees payable to the credit rating agency for providing the rating and all ongoing fees payable to the credit rating agency for their continued monitoring of the rating. Nothing in this Section 10.2(c) shall preclude any Purchaser or Funding Source from demanding compensation from Seller pursuant to Section 10.2(a) hereof at any time and without regard to whether the Required Rating shall have been obtained, or shall require any Purchaser or Funding Source to obtain any rating on the Facility prior to demanding any such compensation from Seller.

Section 10.3 Other Costs and Expenses. Seller shall reimburse Agent, each Purchaser Agent and each Conduit on demand for all costs and out-of-pocket expenses in connection with the preparation, negotiation, arrangement, execution, delivery, enforcement and administration of this Agreement, the transactions contemplated hereby and the other documents to be delivered hereunder, including without limitation, the cost of any Conduit's auditors auditing the books, records and procedures of Seller, reasonable fees and out-of-pocket expenses of legal counsel for any Conduit, any Purchaser Agent and/or Agent (which such counsel may be employees of any Conduit, any Purchaser Agent or Agent) with respect thereto and with respect to advising any Conduit, any Purchaser Agent and/or Agent as to their respective rights and remedies under this Agreement. Seller shall reimburse Agent and each Purchaser Agent on demand for any and all costs and expenses of Agent, the Purchaser Agents and the Purchasers, if any, including reasonable counsel fees and expenses in connection with the enforcement of this Agreement and the other documents delivered hereunder and in connection with any restructuring or workout of this Agreement or such documents, or the administration of this Agreement following an Amortization Event. Seller shall reimburse each Conduit on demand for all other costs and expenses incurred by such Conduit ("**Other Costs**"), including, without limitation, the cost of auditing such Conduit's books by certified public accountants, the cost of rating the Commercial Paper of such Conduit by independent financial rating agencies, and the reasonable fees and out-of-pocket expenses of counsel for such Conduit or any counsel for any shareholder of such Conduit with respect to advising such Conduit or such shareholder as to matters relating to such Conduit's operations.

Section 10.4 Allocations. Each Conduit shall allocate the liability for Other Costs among Seller and other Persons with whom such Conduit has entered into agreements to purchase interests in receivables ("**Other Sellers**"). If any Other Costs are attributable to Seller and not attributable to any Other Seller, Seller shall be solely liable for such Other Costs. However, if Other Costs are attributable to Other Sellers and not attributable to Seller, such Other Sellers shall be solely liable for such Other Costs. All allocations to be made pursuant to the foregoing provisions of this Article X shall be made by the applicable Conduit in its sole and absolute discretion and shall be binding on Seller and Servicer.

Section 10.5 Accounting Based Consolidation Event. Upon demand by Agent, Seller shall pay to Agent, for the benefit of the relevant Funding Source, such amounts as such Funding Source reasonably determines will compensate or reimburse such Funding Source for any (i) fee, expense or increased cost charged to, incurred or otherwise suffered by such Funding Source, (ii) reduction in the rate of return on such Funding Source's capital or reduction in the

amount of any sum received or receivable by such Funding Source or (iii) internal capital charge or other imputed cost determined by such Funding Source to be allocable to Seller or the transactions contemplated in this Agreement, in each case resulting from or in connection with the consolidation, for financial and/or regulatory accounting purposes, of all or any portion of the assets and liabilities of the Conduit, that are subject to this Agreement or any other Transaction Document with all or any portion of the assets and liabilities of a Funding Source. Amounts under this Section 10.5 may be demanded at any time without regard to the timing of issuance of any financial statement by the Conduit or by any Funding Source. A certificate of the Funding Source setting forth the amount or amounts necessary to compensate such Funding Source pursuant to this Section 10.5 shall be delivered to Seller and shall be conclusive absent manifest error. Seller shall pay such Funding Source the amount as due on any such certificate on the next Settlement Date following receipt of such notice.

Section 10.6 Required Rating. Agent shall have the right at any time to request that a public rating of the Facility of at least the Required Rating be obtained from one credit rating agency acceptable to Agent. Each of Seller and Servicer agree that they shall cooperate with Agent's efforts to obtain the Required Rating, and shall provide Agent, for distribution to the applicable credit rating agency, any information requested by such credit rating agency for purposes of providing the Required Rating. Any Ratings Request shall be in writing, and if the Required Rating is not obtained within 60 days following the date of such Ratings Request (unless the failure to obtain the Required Rating is solely the result of Agent's failure to provide the credit rating agency with sufficient information to permit the credit rating agency to perform their analysis, and is not the result of Seller or Servicer's failure to cooperate or provide sufficient information to Agent), (i) upon written notice by Agent to Seller, the Amortization Date shall occur, and (ii) outstanding Capital shall thereafter incur the Default Fee and costs associated with obtaining the Required Rating hereunder shall be paid by Seller or Servicer.

ARTICLE XI

AGENT

Section 11.1 Authorization and Action. Each Purchaser hereby designates and appoints MUFG to act as its agent hereunder and under each other Transaction Document, and authorizes Agent to take such actions as agent on its behalf and to exercise such powers as are delegated to Agent by the terms of this Agreement and the other Transaction Documents together with such powers as are reasonably incidental thereto. Agent shall not have any duties or responsibilities, except those expressly set forth herein or in any other Transaction Document, or any fiduciary relationship with any Purchaser, and no implied covenants, functions, responsibilities, duties, obligations or liabilities on the part of Agent shall be read into this Agreement or any other Transaction Document or otherwise exist for Agent. In performing its functions and duties hereunder and under the other Transaction Documents, Agent shall act solely as agent for the Purchasers and does not assume nor shall be deemed to have assumed any obligation or relationship of trust or agency with or for any Seller Party or any Purchaser Agent or any of such Seller Party's or Purchaser Agent's successors or assigns. Agent shall not be required to take any action that exposes Agent to personal liability or that is contrary to this

Agreement, any other Transaction Document or applicable law. The appointment and authority of Agent hereunder shall terminate upon the indefeasible payment in full of all Aggregate Unpaid. Each Purchaser hereby authorizes Agent to authorize and file each of the Uniform Commercial Code financing or continuations statements (and amendments thereto and assignments or terminations thereof) on behalf of such Purchaser (the terms of which shall be binding on such Purchaser).

Section 11.2 Delegation of Duties. Agent may execute any of its duties under this Agreement and each other Transaction Document by or through agents or attorneys-in-fact and shall be entitled to advice of counsel concerning all matters pertaining to such duties. Agent shall not be responsible for the negligence or misconduct of any agents or attorneys-in-fact selected by it with reasonable care.

Section 11.3 Exculpatory Provisions. Neither Agent nor any of its directors, officers, agents or employees shall be (i) liable for any action lawfully taken or omitted to be taken by it or them under or in connection with this Agreement or any other Transaction Document (except for its, their or such Person's own gross negligence or willful misconduct), or (ii) responsible in any manner to any of the Purchasers for any recitals, statements, representations or warranties made by any Seller Party contained in this Agreement, any other Transaction Document or any certificate, report, statement or other document referred to or provided for in, or received under or in connection with, this Agreement, or any other Transaction Document or for the value, validity, effectiveness, genuineness, enforceability or sufficiency of this Agreement, or any other Transaction Document or any other document furnished in connection herewith or therewith, or for any failure of any Seller Party to perform its obligations hereunder or thereunder, or for the satisfaction of any condition specified in Article VI, or for the ownership, perfection, priority, condition, value or sufficiency of any collateral pledged in connection herewith. Agent shall not be under any obligation to any Purchaser to ascertain or to inquire as to the observance or performance of any of the agreements or covenants contained in, or conditions of, this Agreement or any other Transaction Document, or to inspect the properties, books or records of the Seller Parties. Agent shall not be deemed to have knowledge of any Amortization Event or Potential Amortization Event unless Agent has received notice from Seller or a Purchaser.

Section 11.4 Reliance by Agent. Agent and each Purchaser Agent shall in all cases be entitled to rely, and shall be fully protected in relying, upon any document or conversation believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons and upon advice and statements of legal counsel (including, without limitation, counsel to any Seller Party), independent accountants and other experts selected by Agent. Agent shall in all cases be fully justified in failing or refusing to take any action under this Agreement or any other Transaction Document unless it shall first receive such advice or concurrence of the Required Purchasers or all of the Purchasers, as applicable, as it deems appropriate and it shall first be indemnified to its satisfaction by the Purchasers, provided that unless and until Agent shall have received such advice, Agent may take or refrain from taking any action, as Agent shall deem advisable and in the best interests of the Purchasers. Agent shall in all cases be fully protected in acting, or in refraining from acting, in accordance with a request

of the Required Purchasers or all of the Purchasers, as applicable, and such request and any action taken or failure to act pursuant thereto shall be binding upon all the Purchasers.

Section 11.5 Non-Reliance on Agent and Other Purchasers. Each Purchaser expressly acknowledges that neither Agent, nor any of its officers, directors, employees, agents, attorneys-in-fact or affiliates has made any representations or warranties to it and that no act by Agent hereafter taken, including, without limitation, any review of the affairs of any Seller Party, shall be deemed to constitute any representation or warranty by Agent. Each Purchaser represents and warrants to Agent that it has and will, independently and without reliance upon Agent or any other Purchaser and based on such documents and information as it has deemed appropriate, made its own appraisal of and investigation into the business, operations, property, prospects, financial and other conditions and creditworthiness of each Seller Party and made its own decision to enter into this Agreement, the other Transaction Documents and all other documents related hereto or thereto.

Section 11.6 Reimbursement and Indemnification. Each Financial Institution and each Purchaser Agent agrees to reimburse and indemnify Agent and its officers, directors, employees, representatives and agents ratably based on the ratio of each such indemnifying Financial Institution's Commitment to the aggregate Commitment (or, in the case of an indemnifying Purchaser Agent, ratably based on the Commitment(s) of each Financial Institution in such Purchaser Agent's Purchaser Group to the aggregate Commitment), to the extent not paid or reimbursed by Seller Parties (i) for any amounts for which Agent, acting in its capacity as Agent, is entitled to reimbursement by the Seller Parties hereunder and (ii) for any other expenses incurred by Agent, in its capacity as Agent and acting on behalf of the Purchasers, in connection with the administration and enforcement of this Agreement and the other Transaction Documents.

Section 11.7 Agent in its Individual Capacity. Agent and its Affiliates may make loans to, accept deposits from and generally engage in any kind of business with any Seller Party or any Affiliate of any Seller Party as though Agent were not Agent hereunder. With respect to the acquisition of the Asset Portfolio on behalf of the Purchasers pursuant to this Agreement, Agent shall have the same rights and powers under this Agreement in its individual capacity as any Purchaser and may exercise the same as though it were not Agent, and the terms "**Financial Institution**," "**Related Financial Institution**," "**Purchaser**," "**Financial Institutions**," "**Related Financial Institutions**" and "**Purchasers**" shall include Agent in its individual capacity.

Section 11.8 Successor Agent. Agent may, upon 10 Business Days' notice to Seller and the Purchasers, and Agent will, upon the direction of all of the Purchasers (other than Agent, in its individual capacity) resign as Agent. If Agent shall resign, then the Required Purchasers during such five-day period shall appoint from among the Purchasers and the Purchaser Agents a successor agent. If for any reason no successor Agent is appointed by the Required Purchasers during such five-day period, then effective upon the termination of such five-day period, the Purchasers shall perform all of the duties of Agent hereunder and under the other Transaction Documents and Seller and Servicer (as applicable) shall make all payments in respect of the Aggregate Unpays directly to the applicable Purchasers and for all purposes shall

deal directly with the Purchasers. After the effectiveness of any retiring Agent's resignation hereunder as Agent, the retiring Agent shall be discharged from its duties and obligations hereunder and under the other Transaction Documents and the provisions of this Article XI and Article X shall continue in effect for its benefit with respect to any actions taken or omitted to be taken by it while it was Agent under this Agreement and under the other Transaction Documents.

ARTICLE XII

ASSIGNMENTS; PARTICIPATIONS

Section 12.1 Assignments. (a) (I) Seller, Servicer, Agent, each Purchaser Agent and each Purchaser hereby agree and consent to the complete or partial assignment by any Conduit of all or any portion of its rights under, interest in, title to and obligations under this Agreement to any Funding Source pursuant to any Funding Agreement or to any other Person, and upon such assignment, such Conduit shall be released from its obligations so assigned; provided, however, that no Conduit shall transfer, sell or assign its rights in all or any part of the Asset Portfolio at any time prior to the Amortization Date unless the RPA Deferred Purchase Price allocable to the Asset Portfolio (or such relevant portion thereof), as determined by Agent to be allocable to such assigned interest on a pro rata basis, has been paid in full or is being assumed by the applicable transferee. Further, Seller, Servicer, Agent, each Purchaser Agent and each Purchaser hereby agree that any assignee of any Conduit of this Agreement or of all or any portion of the Asset Portfolio of any Conduit shall have all of the rights and benefits under this Agreement as if the term "Conduit" explicitly referred to and included such party (provided that (i) the Capital of any such assignee that is a Conduit or a commercial paper conduit shall accrue CP Costs based on such Conduit's Conduit Costs or on such commercial paper conduit's cost of funds, respectively, and (ii) the Capital of any other such assignee shall accrue Financial Institution Yield pursuant to Section 4.1), and no such assignment shall in any way impair the rights and benefits of any Conduit hereunder.

(II) Neither Seller nor Servicer shall have the right to assign its rights or obligations under this Agreement; provided, however, that Seller may assign its right to receive the RPA Deferred Purchase Price or any portion thereof, which right shall be freely assignable by Seller without the consent of Agent, any Purchaser or any Purchaser Agent so long as no Amortization Event has occurred that has not been waived in accordance with the terms hereof and the Amortization Date has not occurred, upon prior written notice of such assignment to Agent; provided, that the related assignee has agreed, in a writing in form and substance reasonably satisfactory to Agent, to (i) all of the terms and conditions hereunder in respect of payment of the RPA Deferred Purchase Price (including Section 2.7(b)), (ii) a non-petition clause in favor of each of Seller and each Conduit in substantially the form of Section 14.6 and (iii) a limitation on payment clause in favor of Agent and each Purchaser in substantially the form of Section 2.7(b).

(b) Any Financial Institution may at any time and from time to time assign to one or more Persons ("***Purchasing Financial Institutions***") all or any part of its rights and obligations under this Agreement pursuant to an assignment agreement, substantially in the form set forth in Exhibit VII hereto (the "***Assignment Agreement***") executed by such Purchasing Financial Institution and such selling Financial Institution; provided, however, that no Financial

Institution shall transfer, sell or assign its rights in all or any part of the Asset Portfolio at any time prior to the Amortization Date unless the RPA Deferred Purchase Price allocable to the Asset Portfolio (or such relevant portion thereof), as determined by Agent to be allocable to such assigned interest on a pro rata basis, has been paid in full or is being assumed by the applicable transferee. The consent of the Conduit in such selling Financial Institution's Purchaser Group shall be required prior to the effectiveness of any such assignment. Each assignee of a Financial Institution must (i) have a short-term debt rating of A-1 or better by S&P and P-1 by Moody's and (ii) agree to deliver to Agent, promptly following any request therefor by Agent or the Conduit in such selling Financial Institution's Purchaser Group, an enforceability opinion in form and substance satisfactory to Agent and such Conduit. Upon delivery of the executed Assignment Agreement to Agent, such selling Financial Institution shall be released from its obligations hereunder to the extent of such assignment. Thereafter the Purchasing Financial Institution shall for all purposes be a Financial Institution party to this Agreement and shall have all the rights and obligations of a Financial Institution (including, without limitation, the applicable obligations of a Related Financial Institution) under this Agreement to the same extent as if it were an original party hereto and no further consent or action by Seller, the Purchasers, the Purchaser Agents or Agent shall be required.

(c) Each of the Financial Institutions agrees that in the event that it shall cease to have a short-term debt rating of A-1 or better by S&P and P-1 by Moody's (an "***Affected Financial Institution***"), such Affected Financial Institution shall be obliged, at the request of the Conduit in such Affected Financial Institution's Purchaser Group or Agent, to assign all of its rights and obligations hereunder to (x) another Financial Institution in such Affected Financial Institution's Purchaser Group or (y) another funding entity nominated by Agent and acceptable to the Conduit in such Affected Financial Institution's Purchaser Group, and willing to participate in this Agreement through the Liquidity Termination Date in the place of such Affected Financial Institution; provided that the Affected Financial Institution receives payment in full, pursuant to an Assignment Agreement, of an amount equal to such Financial Institution's Pro Rata Share of the Aggregate Capital and Financial Institution Yield owing to the Financial Institutions in such Affected Financial Institution's Purchaser Group and all accrued but unpaid fees and other costs and expenses payable in respect of its Pro Rata Share of the Asset Portfolio of the Financial Institutions in such Affected Financial Institution's Purchaser Group; provided, further, that, if such assignment occurs at any time prior to the Amortization Date, the Affected Financial Institution shall (x) pay in full or (y) provide that the related Assignment Agreement requires the assignee to assume, the RPA Deferred Purchase Price allocable to the Asset Portfolio (or such relevant portion thereof), as determined by Agent to be allocable to such assigned interest on a pro rata basis.

Section 12.2 Participations. Any Financial Institution may, in the ordinary course of its business at any time sell to one or more Persons (each a "***Participant***") participating interests in its Pro Rata Share portion of the Asset Portfolio of the Financial Institutions in such Financial Institution's Purchaser Group or any other interest of such Financial Institution hereunder. Notwithstanding any such sale by a Financial Institution of a participating interest to a Participant, such Financial Institution's rights and obligations under this Agreement shall remain unchanged, such Financial Institution shall remain solely responsible for the performance

of its obligations hereunder, and each Seller Party, each Conduit, each other Financial Institution, each Purchaser Agent and Agent shall continue to deal solely and directly with such Financial Institution in connection with such Financial Institution's rights and obligations under this Agreement. Each Financial Institution agrees that any agreement between such Financial Institution and any such Participant in respect of such participating interest shall not restrict such Financial Institution's right to agree to any amendment, supplement, waiver or modification to this Agreement, except for any amendment, supplement, waiver or modification described in Section 14.1(b)(i).

Section 12.3 Federal Reserve. Notwithstanding any other provision of this Agreement to the contrary, any Financial Institution may at any time pledge or grant a security interest in all or any portion of its rights (including, without limitation, its portion of the Asset Portfolio and any rights to payment of Capital and Financial Institution Yield) under this Agreement to secure obligations of such Financial Institution to a Federal Reserve Bank, without notice to or consent of Seller or Agent; provided that no such pledge or grant of a security interest shall release a Financial Institution from any of its obligations hereunder, or substitute any such pledgee or grantee for such Financial Institution as a party hereto.

Section 12.4 Collateral Trustee. Notwithstanding any other provision of this Agreement to the contrary, any Conduit may at any time pledge or grant a security interest in all or any portion of its rights (including, without limitation, its portion of the Asset Portfolio and any rights to payment of Capital and CP Costs) under this Agreement to secure obligations of such Conduit to a collateral trustee or security trustee under its Commercial Paper program, without notice to or consent of Seller or Agent; provided that no such pledge or grant of a security interest shall release a Conduit from any of its obligations hereunder, or substitute any such pledgee or grantee for such Conduit as a party hereto.

ARTICLE XIII

PURCHASER AGENTS

Section 13.1 Purchaser Agents. Each Purchaser Group may (but is not required to) designate and appoint a "Purchaser Agent" hereunder which Purchaser Agent shall become a party to this Agreement and shall authorize such Purchaser Agent to take such actions as agent on its behalf and to exercise such powers as are delegated to the Purchaser Agent by the terms of this Agreement and the other Transaction Documents together with such powers as are reasonably incidental thereto. Unless otherwise notified in writing to the contrary by the applicable Purchaser, Agent and the Seller Parties shall provide all notices and payments specified to be made by Agent or any Seller Party to a Purchaser hereunder to such Purchaser's Purchaser Agent, if any, for the benefit of such Purchaser, instead of to such Purchaser. Each Purchaser Agent may perform any of the obligations of, or exercise any of the rights of, any member of its Purchaser Group and such performance or exercise shall constitute performance of the obligations of, or exercise of the rights of, such member hereunder. In performing its functions and duties hereunder and under the other Transaction Documents, each Purchaser Agent shall act solely as agent for the Purchasers in such Purchaser Agent's Purchaser Group and does not assume nor shall be deemed to have assumed any obligation or relationship of trust or

agency with or for any other Purchaser or any Seller Party or any of such Purchaser's or Seller Party's successors or assigns. The appointment and authority of each Purchaser Agent hereunder shall terminate upon the indefeasible payment in full of all Aggregate Unpaid. Each member of the MUFG Conduit's Purchaser Group hereby designates MUFG, and MUFG hereby agrees to perform the duties and obligations of, such Purchaser Group's Purchaser Agent.

ARTICLE XIV

MISCELLANEOUS

Section 14.1 Waivers and Amendments. (a) No failure or delay on the part of Agent, any Purchaser Agent or any Purchaser in exercising any power, right or remedy under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any such power, right or remedy preclude any other further exercise thereof or the exercise of any other power, right or remedy. The rights and remedies herein provided shall be cumulative and nonexclusive of any rights or remedies provided by law. Any waiver of this Agreement shall be effective only in the specific instance and for the specific purpose for which given.

(b) No provision of this Agreement may be amended, supplemented, modified or waived except in writing in accordance with the provisions of this Section 14.1(b). Each Conduit, Seller, each Purchaser Agent and Agent, at the direction of the Required Purchasers, may enter into written modifications or waivers of any provisions of this Agreement, provided, however, that no such modification or waiver shall:

(i) without the consent of each affected Purchaser, (A) extend the Liquidity Termination Date or the date of any payment or deposit of Collections by Seller or Servicer, (B) reduce the rate or extend the time of payment of Financial Institution Yield or any CP Costs (or any component of Financial Institution Yield or CP Costs), (C) reduce any fee payable to Agent for the benefit of the Purchasers, (D) except pursuant to Article XII hereof, change the amount of the Capital of any Purchaser, any Financial Institution's Pro Rata Share, any Conduit's Pro Rata Share, any Financial Institution's Commitment or any Conduit's Conduit Purchase Limit (other than, to the extent applicable in each case, pursuant to Section 4.6 or the terms of any Funding Agreement), (E) amend, modify or waive any provision of the definition of Required Purchasers, Section 4.6, this Section 14.1(b) or Section 14.6, (F) consent to or permit the assignment or transfer by Seller of any of its rights and obligations under this Agreement, (G) change the definition of "**Eligible Receivable**," "**Credit Enhancement**," "**Hedging Agreement**," "**Hedge Provider**," "**Net Portfolio Balance**," "**Reserve Account Required Amount**" or "**RPA Deferred Purchase Price**" or (H) amend or modify any defined term (or any defined term used directly or indirectly in such defined term) used in clauses (A) through (G) above in a manner that would circumvent the intention of the restrictions set forth in such clauses; or

(ii) without the written consent of the then Agent, amend, modify or waive any provision of this Agreement if the effect thereof is to affect the rights or duties of such Agent.

Notwithstanding the foregoing, (i) without the consent of the Purchasers, but with the consent of Seller, Agent may amend this Agreement solely to add additional Persons as Financial Institutions, Conduits and/or Purchaser Agents hereunder and (ii) Agent, the Required Purchasers and each Conduit may enter into amendments to modify any of the terms or provisions of Article XI, Article XII, Section 14.13 or any other provision of this Agreement without the consent of any Seller Party, provided that such amendment has no negative impact upon such Seller Party. Any modification or waiver made in accordance with this Section 14.1 shall apply to each of the Purchasers equally and shall be binding upon each Seller Party, the Purchaser Agents, the Purchasers and Agent.

Section 14.2 Notices. Except as provided in this Section 14.2, all communications and notices provided for hereunder shall be in writing (including bank wire, telecopy or electronic facsimile transmission or similar writing) and shall be given to the other parties hereto at their respective addresses or telecopy numbers set forth on the signature pages hereof or at such other address or telecopy number as such Person may hereafter specify for the purpose of notice to each of the other parties hereto. Each such notice or other communication shall be effective if given by telecopy, upon the receipt thereof, if given by mail, three (3) Business Days after the time such communication is deposited in the mail with first class postage prepaid or if given by any other means, when received at the address specified in this Section 14.2. Seller hereby authorizes Agent and the Purchasers to effect Purchases and Rate Tranche Period and Discount Rate selections based on telephonic notices made by any Person whom Agent or applicable Purchaser in good faith believes to be acting on behalf of Seller. Seller agrees to deliver promptly to Agent and each applicable Purchaser a written confirmation of each telephonic notice signed by an authorized officer of Seller; provided, however, the absence of such confirmation shall not affect the validity of such notice. If the written confirmation differs from the action taken by Agent and/or the applicable Purchaser, the records of Agent and/or the applicable Purchaser shall govern absent manifest error.

Section 14.3 Ratable Payments. If any Purchaser, whether by setoff or otherwise, has payment made to it with respect to any portion of the Aggregate Unpaid owing to such Purchaser (other than payments received pursuant to Sections 10.2 or 10.3) in a greater proportion than that received by any other Purchaser entitled to receive a ratable share of such Aggregate Unpaid, such Purchaser agrees, promptly upon demand, to purchase for cash without recourse or warranty a portion of such Aggregate Unpaid held by the other Purchasers so that after such purchase each Purchaser will hold its ratable proportion of such Aggregate Unpaid; provided that if all or any portion of such excess amount is thereafter recovered from such Purchaser, such purchase shall be rescinded and the purchase price restored to the extent of such recovery, but without interest.

Section 14.4 Protection of Ownership Interests of the Purchasers. (a) Seller agrees that from time to time, at its expense, it will promptly execute and deliver all instruments and documents, and take all actions, that may be necessary or desirable, or that Agent may request, to perfect, protect or more fully evidence Agent's (on behalf of the Purchasers) valid ownership of or first priority perfected security interest in the Asset Portfolio, or to enable Agent or the Purchasers to exercise and enforce their rights and remedies hereunder. Without limiting

the foregoing, Seller will, upon the request of Agent, file such financing or continuation statements, or amendments thereto or assignments thereof, and execute and file such other instruments and documents, that may be necessary or desirable, or that Agent may reasonably request, to perfect, protect or evidence such valid ownership of or first priority perfected security interest in the Asset Portfolio. At any time following the occurrence of an Amortization Event, Agent may, or Agent may direct Seller or Servicer to, notify the Obligors of Receivables, at Seller's expense, of the ownership or security interests of the Purchasers under this Agreement and may also direct that payments of all amounts due or that become due under any or all Receivables be made directly to Agent or its designee. Seller or Servicer (as applicable) shall, at any Purchaser's request, withhold the identity of such Purchaser in any such notification.

(b) If any Seller Party fails to perform any of its obligations hereunder, Agent or any Purchaser may (but shall not be required to) perform, or cause performance of, such obligations, and Agent's or such Purchaser's costs and expenses incurred in connection therewith shall be payable by Seller as provided in Section 10.3. Each Seller Party irrevocably authorizes Agent at any time and from time to time in the sole and absolute discretion of Agent, and appoints Agent as its attorney-in-fact, to act on behalf of such Seller Party (i) to authorize and/or execute on behalf of such Seller Party as debtor and to file financing or continuation statements (and amendments thereto and assignments thereof) necessary or desirable in Agent's sole and absolute discretion to perfect and to maintain Agent's (on behalf of the Purchasers) valid ownership of or first priority perfected security interest in the Receivables and (ii) to file a carbon, photographic or other reproduction of this Agreement or any financing statement with respect to the Receivables as a financing statement in such offices as Agent in its sole and absolute discretion deems necessary or desirable to perfect and to maintain the ownership of or first priority perfected security interest in the interests of the Purchasers in the Receivables. This appointment is coupled with an interest and is irrevocable. The authorization by each Seller Party set forth in the second sentence of this Section 14.4(b) is intended to meet all requirements for authorization by a debtor under Article 9 of any applicable enactment of the UCC, including, without limitation, Section 9-509 thereof.

Section 14.5 Confidentiality. (a) Each Seller Party, Agent, each Purchaser Agent and each Purchaser shall maintain and shall cause each of its employees and officers to maintain the confidentiality of this Agreement and the other confidential or proprietary information with respect to Agent, each Purchaser Agent, each Purchaser and their respective businesses obtained by it or them in connection with the structuring, negotiating and execution of the transactions contemplated herein, except that such Seller Party, Agent, such Purchaser Agent and such Purchaser and its officers and employees may disclose such information to such Seller Party's, Agent's, such Purchaser Agent's and such Purchaser's external accountants and attorneys and as required by any applicable law or order of any judicial or administrative proceeding.

(b) Anything herein to the contrary notwithstanding, each Seller Party hereby consents to the disclosure of any nonpublic information with respect to it (i) to Agent, the Financial Institutions, the Purchaser Agents or the Conduits by each other and by each such Person to such Person's equityholders, (ii) by Agent, the Purchaser Agents or the Purchasers to any prospective or actual assignee or participant of any of them and (iii) by Agent, any Purchaser

Agent or any Conduit to any collateral trustee or security trustee, any rating agency, Funding Source, Commercial Paper dealer or provider of a surety, guaranty or credit or liquidity enhancement to any Conduit or any entity organized for the purpose of purchasing, or making loans secured by, financial assets for which MUFG or any Purchaser Agent acts as the administrative agent and to any officers, directors, employees, outside accountants and attorneys of any of the foregoing, provided each such Person is informed of and agrees to maintain the confidential nature of such information. In addition, the Purchasers, the Purchaser Agents and Agent may disclose any such nonpublic information pursuant to any law, rule, regulation, direction, request or order of any judicial, administrative or regulatory authority or proceedings (whether or not having the force or effect of law).

Section 14.6 Bankruptcy Petition. (a) Seller, Servicer, Agent, each Purchaser Agent and each Purchaser hereby covenants and agrees that, prior to the date that is one year and one day after the payment in full of all outstanding senior indebtedness of any Conduit or any Financial Institution or Funding Source that is a special purpose bankruptcy remote entity, it will not institute against, or join any other Person in instituting against, any Conduit, any Financial Institution or any such entity any bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings or other similar proceeding under the laws of the United States or any state of the United States.

(b) Servicer hereby covenants and agrees that, prior to the date that is one year and one day after the payment in full of all Obligations of Seller, it will not institute against, or join any other Person in instituting against, Seller any bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings or other similar proceeding under the laws of the United States or any state of the United States.

Section 14.7 Limitation of Liability. Except with respect to any claim arising out of the willful misconduct or gross negligence of any Conduit, Agent, any Purchaser Agent, any Funding Source or any Financial Institution, no claim may be made by any Seller Party or any other Person against any Conduit, Agent, any Purchaser Agent, any Funding Source or any Financial Institution or their respective Affiliates, directors, officers, employees, attorneys or agents for any special, indirect, consequential or punitive damages in respect of any claim for breach of contract or any other theory of liability arising out of or related to the transactions contemplated by this Agreement, or any act, omission or event occurring in connection therewith; and each Seller Party hereby waives, releases, and agrees not to sue upon any claim for any such damages, whether or not accrued and whether or not known or suspected to exist in its favor.

Section 14.8 CHOICE OF LAW. THIS AGREEMENT SHALL BE GOVERNED AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF ILLINOIS.

Section 14.9 CONSENT TO JURISDICTION. EACH SELLER PARTY HEREBY IRREVOCABLY SUBMITS TO THE NON-EXCLUSIVE JURISDICTION OF ANY UNITED STATES FEDERAL OR ILLINOIS STATE COURT SITTING IN CHICAGO, ILLINOIS IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY DOCUMENT EXECUTED BY SUCH PERSON PURSUANT

TO THIS AGREEMENT AND EACH SELLER PARTY HEREBY IRREVOCABLY AGREES THAT ALL CLAIMS IN RESPECT OF SUCH ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED IN ANY SUCH COURT AND IRREVOCABLY WAIVES ANY OBJECTION IT MAY NOW OR HEREAFTER HAVE AS TO THE VENUE OF ANY SUCH SUIT, ACTION OR PROCEEDING BROUGHT IN SUCH A COURT OR THAT SUCH COURT IS AN INCONVENIENT FORUM. NOTHING HEREIN SHALL LIMIT THE RIGHT OF AGENT, ANY PURCHASER AGENT OR ANY PURCHASER TO BRING PROCEEDINGS AGAINST ANY SELLER PARTY IN THE COURTS OF ANY OTHER JURISDICTION. ANY JUDICIAL PROCEEDING BY ANY SELLER PARTY AGAINST AGENT, ANY PURCHASER AGENT OR ANY PURCHASER OR ANY AFFILIATE OF AGENT, ANY PURCHASER AGENT OR ANY PURCHASER INVOLVING, DIRECTLY OR INDIRECTLY, ANY MATTER IN ANY WAY ARISING OUT OF, RELATED TO, OR CONNECTED WITH THIS AGREEMENT OR ANY DOCUMENT EXECUTED BY SUCH SELLER PARTY PURSUANT TO THIS AGREEMENT SHALL BE BROUGHT ONLY IN A COURT IN CHICAGO, ILLINOIS.

Section 14.10 WAIVER OF JURY TRIAL. EACH PARTY HERETO HEREBY WAIVES TRIAL BY JURY IN ANY JUDICIAL PROCEEDING INVOLVING, DIRECTLY OR INDIRECTLY, ANY MATTER (WHETHER SOUNDING IN TORT, CONTRACT OR OTHERWISE) IN ANY WAY ARISING OUT OF, RELATED TO, OR CONNECTED WITH THIS AGREEMENT, ANY DOCUMENT EXECUTED BY ANY SELLER PARTY PURSUANT TO THIS AGREEMENT OR THE RELATIONSHIP ESTABLISHED HEREUNDER OR THEREUNDER.

Section 14.11 Integration; Binding Effect; Survival of Terms.

(a) This Agreement and each other Transaction Document contain the final and complete integration of all prior expressions by the parties hereto with respect to the subject matter hereof and shall constitute the entire agreement among the parties hereto with respect to the subject matter hereof superseding all prior oral or written understandings.

(b) This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns (including any trustee in bankruptcy) and shall inure to the benefit of the Hedge Providers (if any) and its successors and permitted assigns (including any trustee in bankruptcy). This Agreement shall create and constitute the continuing obligations of the parties hereto in accordance with its terms and shall remain in full force and effect until terminated in accordance with its terms; provided, however, that the rights and remedies with respect to (i) any breach of any representation and warranty made by any Seller Party pursuant to Article V, (ii) the indemnification, payment and other provisions of Article X, and Sections 2.7(b), 14.5 and 14.6 shall be continuing and shall survive any termination of this Agreement.

Section 14.12 Counterparts; Severability; Section References. This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which when taken together shall constitute one and the same Agreement. Any provisions of this

Agreement which are prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction. Unless otherwise expressly indicated, all references herein to “Article,” “Section,” “Schedule” or “Exhibit” shall mean articles and sections of, and schedules and exhibits to, this Agreement.

Section 14.13 MUFG Roles and Purchaser Agent Roles.

(a) Each of the Purchasers and Purchaser Agents acknowledges that MUFG acts, or may in the future act, (i) as administrative agent for the MUFG Conduit or any Financial Institution in the MUFG Conduit’s Purchaser Group, (ii) as issuing and paying agent for certain Commercial Paper, (iii) to provide credit or liquidity enhancement for the timely payment for certain Commercial Paper and (iv) to provide other services from time to time for the MUFG Conduit or any Financial Institution in the MUFG Conduit’s Purchaser Group (collectively, the “**MUFG Roles**”). Without limiting the generality of this Section 14.13, each Purchaser and each Purchaser Agent hereby acknowledges and consents to any and all MUFG Roles and agrees that in connection with any MUFG Role, MUFG may take, or refrain from taking, any action that it, in its discretion, deems appropriate, including, without limitation, in its role as administrative agent for the MUFG Conduit.

(b) Each of the Purchasers acknowledges that each Purchaser Agent acts, or may in the future act, (i) as administrative agent for the Conduit in such Purchaser Agent’s Purchaser Group or any Financial Institution in such Purchaser Agent’s Purchaser Group, (ii) as issuing and paying agent for certain Commercial Paper, (iii) to provide credit or liquidity enhancement for the timely payment for certain Commercial Paper and (iv) to provide other services from time to time for the Conduit in such Purchaser Agent’s Purchaser Group or any Financial Institution in such Purchaser Agent’s Purchaser Group (collectively, the “**Purchaser Agent Roles**”). Without limiting the generality of this Section 14.13, each Purchaser hereby acknowledges and consents to any and all Purchaser Agent Roles and agrees that in connection with any Purchaser Agent Role, the applicable Purchaser Agent may take, or refrain from taking, any action that it, in its discretion, deems appropriate, including, without limitation, in its role as agent for the Conduit in such Purchaser Agent’s Purchaser Group.

Section 14.14 Characterization. (a) It is the intention of the parties hereto that each Purchase hereunder shall constitute and be treated as an absolute and irrevocable sale to Agent, on behalf of the Purchasers, for all purposes (other than federal and state income tax purposes), which such Purchase shall provide Agent, on behalf of the Purchasers, with the full benefits of ownership of the Asset Portfolio. Except as specifically provided in this Agreement, each Purchase hereunder is made without recourse to Seller; provided, however, that (i) Seller shall be liable to each Purchaser, each Purchaser Agent and Agent for all representations, warranties, covenants and indemnities made by Seller pursuant to the terms of this Agreement, and (ii) such sale does not constitute and is not intended to result in an assumption by any Purchaser, any Purchaser Agent or Agent or any assignee thereof of any obligation of Seller or

any Originator or any other Person arising in connection with the Receivables, the Related Security, or the related Contracts, or any other obligations of Seller or any Originator.

(b) In addition to any ownership interest which Agent may from time to time acquire pursuant hereto, Seller hereby grants to Agent for the ratable benefit of the Purchasers a valid and perfected security interest in all of Seller's right, title and interest in, to and under all Receivables now existing or hereafter arising, the Collections, each Lock-Box, each P.O. Box, each Collection Account, the Reserve Account, all Related Security, all other rights and payments relating to such Receivables, and all proceeds of any thereof prior to all other liens on and security interests therein to secure the prompt and complete payment of the Aggregate Unpaid. Agent, the Purchaser Agents and the Purchasers shall have, in addition to the rights and remedies that they may have under this Agreement, all other rights and remedies provided to a secured creditor under the UCC and other applicable law, which rights and remedies shall be cumulative.

Section 14.15 Excess Funds. Each of Seller, Servicer, each Purchaser, each Purchaser Agent and Agent agrees that each Conduit shall be liable for any claims that such party may have against such Conduit only to the extent that such Conduit has funds in excess of those funds necessary to pay matured and maturing Commercial Paper and to the extent such excess funds are insufficient to satisfy the obligations of such Conduit hereunder, such Conduit shall have no liability with respect to any amount of such obligations remaining unpaid and such unpaid amount shall not constitute a claim against such Conduit. Any and all claims against any Conduit shall be subordinate to the claims against such Conduit of the holders of Commercial Paper and any Person providing liquidity support to such Conduit.

Section 14.16 Intercreditor Agreement. Each member of each Purchaser Group, Seller and Servicer each hereby authorize Agent to enter into the Intercreditor Agreement or an amendment thereto, as applicable, in each case, on or about the date hereof, and each member of each Purchaser Group agrees to be bound by the provisions thereof.

Section 14.17 Confirmation and Ratification of Terms.

(a) Upon the effectiveness of this Agreement, each reference to the Prior Agreement in any other Transaction Document, and any document, instrument or agreement executed and/or delivered in connection with the Prior Agreement or any other Transaction Document, shall mean and be a reference to this Agreement.

(b) The other Transaction Documents and all agreements, instruments and documents executed or delivered in connection with the Prior Agreement or any other Transaction Document shall each be deemed to be amended to the extent necessary, if any, to give effect to the provisions of this Agreement, as the same may be amended, modified, supplemented or restated from time to time.

(c) The effect of this Agreement is to amend and restate the Prior Agreement in its entirety, and to the extent that any rights, benefits or provisions in favor of Agent or any Purchaser existed in the Prior Agreement and continue to exist in this Agreement

without any written waiver of any such rights, benefits or provisions prior to the date hereof, then such rights, benefits or provisions are acknowledged to be and to continue to be effective from and after May 10, 2002. This Agreement is not a novation.

(d) The parties hereto agree and acknowledge that any and all rights, remedies and payment provisions under the Prior Agreement, including, without limitation, any and all rights, remedies and payment provisions with respect to (i) any representation and warranty made or deemed to be made pursuant to the Prior Agreement, or (ii) any indemnification provision, shall continue and survive the execution and delivery of this Agreement.

(e) The parties hereto agree and acknowledge that any and all amounts owing as or for Capital, Financial Institution Yield, CP Costs, fees, expenses or otherwise under or pursuant to the Prior Agreement, immediately prior to the effectiveness of this Agreement shall be owing as or for Capital, Financial Institution Yield, CP Costs, fees, expenses or otherwise, respectively, under or pursuant to this Agreement.

Section 14.18 Consent. Each of the parties hereto hereby consents to Amendment No. 3 to the Receivables Sale Agreement, dated as of the date hereof, among Seller, PDSI and Webster.

Section 14.19 USA PATRIOT Act Notice. Each Financial Institution that is subject to the requirements of the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) (the "**Patriot Act**") hereby notifies the Seller Parties that pursuant to the requirements of the Patriot Act, it is required to obtain, verify and record information that identifies each Seller Party, which information includes the name, address, tax identification number and other information that will allow such Financial Institution to identify such Seller Party in accordance with the Patriot Act. This notice is given in accordance with the requirements of the Patriot Act. Promptly following any request therefor, the Seller shall deliver to the each Financial Institution all documentation and other information required by bank regulatory authorities requested by such Financial Institution for purposes of compliance with applicable "know your customer" requirements under the Patriot Act, the Beneficial Ownership Rule or other applicable anti-money laundering laws, rules and regulations.

(Signature Pages Follow)

WHEREOF, the parties hereto have caused this Agreement to be executed and delivered by their duly authorized officers as of the date hereof.

Conformed copy of agreement does not contain signatures as signatories only sign individual amendments.

EXHIBIT I
DEFINITIONS

As used in this Agreement, the following terms shall have the following meanings (such meanings to be equally applicable to both the singular and plural forms of the terms defined):

“3D Cone Beam Receivable” means a Receivable originated by PDSI that arises from the sale or financing (or servicing) of 3D Cone Beam technology.

“Accrual Period” means each Fiscal Month, provided that the initial Accrual Period hereunder means the period from (and including) the date hereof to (and including) the last day of the Fiscal Month thereafter.

“ACH Receipts” means funds received in respect of Automatic Debit Collections.

“Acquisition” means any transaction, or any series of related transactions, consummated on or after September 12, 2003, by which PDCo or any of its Subsidiaries (i) acquires any going concern business or all or substantially all of the assets of any Person, or division thereof, whether through purchase of assets, merger or otherwise or (ii) directly or indirectly acquires from one or more Persons (in one transaction or as the most recent transaction in a series of transactions) at least a majority (in number of votes) of the securities of a corporation which have ordinary voting power for the election of directors (other than securities having such power only by reason of the happening of a contingency) or a majority (by percentage or voting power) of the outstanding ownership interests of a partnership or limited liability company of any Person.

“Adverse Claim” means a lien, security interest, charge or encumbrance, or other right or claim in, of or on any Person’s assets or properties in favor of any other Person.

“Affected Financial Institution” has the meaning set forth in Section 12.1(c).

“Affiliate” means, with respect to any Person, any other Person directly or indirectly controlling, controlled by, or under direct or indirect common control with, such Person or any Subsidiary of such Person. A Person shall be deemed to control another Person if the controlling Person owns 10% or more of any class of voting securities of the controlled Person or possesses, directly or indirectly, the power to direct or cause the direction of the management or policies of the controlled Person, whether through ownership of stock, by contract or otherwise.

“Agent” has the meaning set forth in the preamble to this Agreement.

“Aggregate Capital” means, on any date of determination, the aggregate outstanding Capital of all Purchasers on such date.

“Aggregate Reduction” has the meaning set forth in Section 1.3.

“Aggregate Unpaid” means, at any time, an amount equal to the sum of all accrued and unpaid fees under any Fee Letter, CP Costs, Financial Institution Yield, Aggregate Capital, Hedging Obligations and all other unpaid Obligations (whether due or accrued) at such time.

“Agreement” means this Third Amended and Restated Receivables Purchase Agreement, as it may be amended, restated, supplemented or otherwise modified and in effect from time to time.

“Alternate Base Rate” means, for any day, a rate per annum equal to the greatest of (a) the Prime Rate in effect on such day, (b) the Federal Funds Effective Rate in effect on such day plus ½ of 1% and (c) the greater of (i) 0.00% and (ii) the LIBO Rate for a one month period on such day (or if such day is not a Business Day, the immediately preceding Business Day) plus 1%, provided that, for the avoidance of doubt, the LIBO Rate for any day shall be equal to the London interbank offered rate administered by ICE Benchmark Administration Limited (or any person which takes over the administration of that rate) for deposits in U.S. dollars, as published by Reuters (or any successor thereto) at approximately 11:00 a.m. London time on such day. Any change in the Alternate Base Rate due to a change in the Prime Rate, the Federal Funds Effective Rate or the LIBO Rate shall be effective from and including the effective date of such change in the Prime Rate, the Federal Funds Effective Rate or the LIBO Rate, respectively.

“Amendment Date” means April 20, 2020.

“Amortization Date” means the earliest to occur of (i) the day on which any of the conditions precedent set forth in Section 6.2 are not satisfied, (ii) the Business Day immediately prior to the occurrence of an Amortization Event set forth in Section 9.1(d) (ii), (iii) the Business Day specified in a written notice from Agent following the occurrence of any other Amortization Event, (iv) the Business Day specified in a written notice from Agent following the failure to obtain the Required Ratings within 60 days following delivery of a Ratings Request to Seller and Servicer, and (v) the date which is 5 Business Days after Agent’s receipt of written notice from Seller that it wishes to terminate the facility evidenced by this Agreement.

“Amortization Event” has the meaning set forth in Article IX.

“Annual Vintage Pool” means as of any date of determination and with respect to any Fiscal Year, the pool of Receivables originated by the Originators during such Fiscal Year.

“Anti-Corruption Laws” means all laws, rules, and regulations of any jurisdiction applicable to the Seller, the Servicer, any Originator or any of their respective Subsidiaries from time to time concerning or relating to bribery or corruption, including, but not limited to, the U.S. Foreign Corrupt Practices Act of 1977, as amended, the UK Bribery Act 2010, and any other applicable law or regulation implementing the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions.

“Anti-Terrorism Laws” means each of: (a) the Executive Order; (b) the Patriot Act; (c) the Money Laundering Control Act of 1986, 18 U.S.C. Sect. 1956 and any successor statute thereto; (d) the Proceeds of Crime (Money Laundering) and Terrorist Financing Act (Canada);

(e) the Bank Secrecy Act, and the rules and regulations promulgated thereunder; and (f) any other law of the United States, Canada or any member state of the European Union now or hereafter enacted to monitor, deter or otherwise prevent: (i) terrorism or (ii) the funding or support of terrorism or (iii) money laundering.

“**Applicable Collection Amount**” means, with respect to any Settlement Date, (i) if the Amortization Date has not occurred, the aggregate amount of funds Servicer will apply on such Settlement Date in accordance with Section 2.2(c) and without giving effect to any Reserve Account Draw Amount and (ii) otherwise, \$0.

“**Asset Portfolio**” has the meaning set forth in Section 1.2(b).

“**Assignment Agreement**” has the meaning set forth in Section 12.1(b).

“**Authorized Officer**” means, with respect to any Person, its president, corporate controller, treasurer or chief financial officer.

“**Automatic Debit Collection**” means the payment of Collections by an Obligor by means of automatic electronic funds transfer from the Obligor’s bank account.

“**Balloon Payment Receivable**” means a Receivable that arises under a Contract that requires the final payment to be in an amount equal to 35% of the initial balance of such Receivable.

“**Benchmark Replacement**” means the sum of: (a) the alternate benchmark rate (which may include Term SOFR) that has been selected by the Agent and the Seller giving due consideration to (i) any selection or recommendation of a replacement rate or the mechanism for determining such a rate by the Relevant Governmental Body or (ii) any evolving or then-prevailing market convention for determining a rate of interest as a replacement to the LIBO Rate for U.S. dollar-denominated syndicated credit facilities and (b) the Benchmark Replacement Adjustment; provided that, if the Benchmark Replacement as so determined would be less than zero, the Benchmark Replacement will be deemed to be zero for the purposes of this Agreement.

“**Benchmark Replacement Adjustment**” means, with respect to any replacement of the LIBO Rate with an Unadjusted Benchmark Replacement for each applicable Rate Tranche Period, the spread adjustment, or method for calculating or determining such spread adjustment, (which may be a positive or negative value or zero) that has been selected by the Agent and the Seller giving due consideration to (i) any selection or recommendation of a spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of the LIBO Rate with the applicable Unadjusted Benchmark Replacement by the Relevant Governmental Body or (ii) any evolving or then-prevailing market convention for determining a spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of the LIBO Rate with the applicable Unadjusted Benchmark Replacement for U.S. dollar-denominated syndicated credit facilities at such time.

“Benchmark Replacement Conforming Changes” means, with respect to any Benchmark Replacement, any technical, administrative or operational changes (including changes to the definition of “Alternate Base Rate,” the definition of “Rate Tranche Period,” timing and frequency of determining rates and making payments of interest and other administrative matters) that the Agent decides may be appropriate to reflect the adoption and implementation of such Benchmark Replacement and to permit the administration thereof by the Agent in a manner substantially consistent with market practice (or, if the Agent decides that adoption of any portion of such market practice is not administratively feasible or if the Agent determines that no market practice for the administration of the Benchmark Replacement exists, in such other manner of administration as the Agent decides is reasonably necessary in connection with the administration of this Agreement).

“Benchmark Replacement Date” means the earlier to occur of the following events with respect to the LIBO Rate:

(1) in the case of clause (1) or (2) of the definition of “Benchmark Transition Event,” the later of (a) the date of the public statement or publication of information referenced therein and (b) the date on which the administrator of the LIBO Rate permanently or indefinitely ceases to provide the LIBO Rate; or

(2) in the case of clause (3) of the definition of “Benchmark Transition Event,” the date of the public statement or publication of information referenced therein.

“Benchmark Transition Event” means the occurrence of one or more of the following events with respect to the LIBO Rate:

(1) a public statement or publication of information by or on behalf of the administrator of the LIBO Rate announcing that such administrator has ceased or will cease to provide the LIBO Rate, permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide the LIBO Rate;

(2) a public statement or publication of information by the regulatory supervisor for the administrator of the LIBO Rate, the U.S. Federal Reserve System, an insolvency official with jurisdiction over the administrator for LIBOR, a resolution authority with jurisdiction over the administrator for the LIBO Rate or a court or an entity with similar insolvency or resolution authority over the administrator for the LIBO Rate, which states that the administrator of the LIBO Rate has ceased or will cease to provide the LIBO Rate permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide the LIBO Rate; or

(3) a public statement or publication of information by the regulatory supervisor for the administrator of the LIBO Rate announcing that the LIBO Rate is no longer representative.

“Benchmark Transition Start Date” means (a) in the case of a Benchmark Transition Event, the earlier of (i) the applicable Benchmark Replacement Date and (ii) if such Benchmark Transition Event is a public statement or publication of information of a prospective event, the

90th day prior to the expected date of such event as of such public statement or publication of information (or if the expected date of such prospective event is fewer than 90 days after such statement or publication, the date of such statement or publication) and (b) in the case of an Early Opt-in Election, the date specified by the Agent or the Required Purchasers, as applicable, by notice to the Seller, the Agent (in the case of such notice by the Required Purchasers) and the Purchasers.

“Benchmark Unavailability Period” means, if a Benchmark Transition Event and its related Benchmark Replacement Date have occurred with respect to the LIBO Rate and solely to the extent that the LIBO Rate has not been replaced with a Benchmark Replacement, the period (x) beginning at the time that such Benchmark Replacement Date has occurred if, at such time, no Benchmark Replacement has replaced the LIBO Rate for all purposes hereunder in accordance with Section 4.5 and (y) ending at the time that a Benchmark Replacement has replaced the LIBO Rate for all purposes hereunder pursuant to Section 4.5.

“Beneficial Ownership Rule” means 31 C.F.R. § 1010.230.

“Broken Funding Costs” means for any Capital of any Purchaser which: (i) is reduced without compliance by Seller with the notice requirements hereunder or (ii) is assigned, transferred or funded pursuant to a Funding Agreement or otherwise transferred or terminated on a date prior to the date on which it was originally scheduled to end; an amount equal to the excess, if any, of (A) the CP Costs or Financial Institution Yield (as applicable) that would have accrued during the remainder of the Rate Tranche Periods or the tranche periods for Commercial Paper determined by the applicable Purchaser Agent or Agent to relate to such Capital (as applicable) subsequent to the date of such reduction, assignment, transfer, funding or termination of such Capital if such reduction, assignment, transfer, funding or termination had not occurred, over (B) the income, if any, actually received net of any costs of redeployment of funds during the remainder of such period by the holder of such Capital from investing the portion of such Capital not so allocated. In the event that the amount referred to in clause (B) exceeds the amount referred to in clause (A), the relevant Purchaser or Purchasers agree to pay to Seller the amount of such excess. All Broken Funding Costs shall be due and payable hereunder upon demand.

“Business Day” means any day on which banks are not authorized or required to close in New York, New York or Chicago, Illinois and The Depository Trust Company of New York is open for business, and, if the applicable Business Day relates to any computation or payment to be made with respect to the LIBO Rate, any day on which dealings in dollar deposits are carried on in the London interbank market.

“Capital” means at any time with respect to the Asset Portfolio and any Purchaser, an amount equal to (A) the amount of Cash Purchase Price paid by such Purchaser to Seller for Purchases pursuant to Sections 1.1 and 1.2, minus (B) the sum of the aggregate amount of Collections and other payments received by Agent or such Purchaser, as applicable, which in each case are applied to reduce such Purchaser’s Capital in accordance with the terms and conditions of this Agreement; provided that such Capital shall be restored (in accordance with Section 2.5) in the amount of any Collections or other payments so received and applied if at any

time the distribution of such Collections or payments are rescinded, returned or refunded for any reason.

“Cap Strike Rate” means 3.25%, or such other applicable “cap strike rate” approved by Agent and specified as such in the applicable Hedging Agreement in effect at such time.

“Cash Purchase Price” means, with respect to any Purchase of any portion of the Asset Portfolio, the amount paid to Seller for such portion of the Asset Portfolio which shall not exceed the least of (i) the amount requested by Seller in the applicable Purchase Notice, (ii) the unused portion of the Purchase Limit on the applicable Purchase date, taking into account any other proposed Purchase requested on the applicable Purchase date, and (iii) the excess, if any, of the Net Portfolio Balance (less the Credit Enhancement) on the applicable Purchase date over the aggregate outstanding amount of the Aggregate Capital determined as of the date of the most recent Monthly Report, taking into account any other proposed Purchase requested on the applicable Purchase date.

“CEREC Receivable” means a Receivable originated by PDSI that arises from the sale or financing (or servicing) by PDSI of ceramic reconstruction machinery that was manufactured by or on behalf of Sirona Dental Systems, Inc.

“Change of Control” means (i) the acquisition by any Person, or two or more Persons acting in concert, of beneficial ownership (within the meaning of Rule 13d-3 of the Securities and Exchange Commission under the Securities Exchange Act of 1934) of 30% or more of the outstanding shares of voting stock of Servicer or (ii) PDCo ceases to own, directly or indirectly, 100% of the outstanding membership units of Seller or 100% of the outstanding capital stock of any Originator.

“Charged-Off Receivable” means a Receivable: (i) as to which the Obligor thereof has taken any action, or suffered any event to occur, of the type described in Section 9.1(d) (as if references to the Seller Party therein refer to such Obligor); (ii) as to which the Obligor thereof, if a natural person, is deceased, (iii) which, consistent with the Credit and Collection Policy, would be written off Seller’s books as uncollectible, (iv) which has been identified by Seller as uncollectible or (v) as to which any payment, or part thereof, remains unpaid for 180 days or more from the original due date for such payment.

“Closing Date Assignment Agreement” means that certain Assignment and Assumption Agreement, dated as of the date hereof, by and among Servicer, Seller, JPMorgan, Agent, the MUFG Conduit, MUFG, Chariot Funding LLC, J.P. Morgan Securities, Inc., Three Pillars Funding LLC, SunTrust Bank and SunTrust Robinson Humphrey, Inc., as amended, restated, supplemented or otherwise modified from time to time.

“Collection Account” means, collectively, each First-Tier Account and the Second-Tier Account.

“Collection Account Agreement” means (i) with respect to each Lock-Box or Collection Account, an agreement, substantially in the form of Exhibit VI, among an Originator (if

applicable), Seller, Agent and a Collection Bank, or any similar or analogous agreement among an Originator, Seller, Agent and a Collection Bank and (ii) with respect to each P.O. Box, a Postal Notice, in each case as such document may be amended, restated, supplemented or otherwise modified from time to time.

“Collection Bank” means, at any time, any of the banks holding one or more Collection Accounts.

“Collection Notice” means a notice, in substantially the form of Annex A to Exhibit VI, from Agent to a Collection Bank, or any similar or analogous notice from Agent to a Collection Bank.

“Collections” means, with respect to any Receivable, all cash collections and other cash and other proceeds in respect of such Receivable, including, without limitation, all scheduled payments, prepayments, yield, Finance Charges or other related amounts accruing in respect thereof, all cash proceeds of Related Security with respect to such Receivable and all payments received pursuant to the Hedging Agreements.

“Commercial Paper” means promissory notes of any Conduit issued by such Conduit in the commercial paper market.

“Commitment” means, for each Financial Institution, the commitment of such Financial Institution to Purchase portions of the Asset Portfolio from Seller and to the extent that the Conduit in its Purchaser Group declines to make such Purchases, in an amount not to exceed (i) in the aggregate, the amount set forth opposite such Financial Institution’s name on Schedule A to this Agreement, as such amount may be modified in accordance with the terms hereof (including, without limitation, any termination of Commitments pursuant to Section 4.6 hereof) and (ii) with respect to any individual Purchase hereunder, its Pro Rata Share of the Cash Purchase Price therefor.

“Concentration Limit” means, at any time, for any Obligor, (i) if such Obligor is a Group Practice Obligor, \$1,000,000 and (ii) if such Obligor is other than a Group Practice Obligor, \$500,000; provided, that in the case of an Obligor and any Affiliate of such Obligor, the Concentration Limit shall be calculated as if such Obligor and such Affiliate are one Obligor.

“Conduit” has the meaning set forth in the preamble to this Agreement.

“Conduit Costs” means, for any outstanding Capital of any Conduit, an amount equal to such Capital multiplied by a per annum rate equivalent to the “weighted average cost” (as defined below) related to the issuance of indexed Commercial Paper of such Conduit that is allocated, in whole or in part, to fund such Capital (and which may also be allocated in part to the funding of other assets of such Conduit); provided, however, that if any component of such rate is a discount rate, in calculating such rate for such Capital for such date, the rate used to calculate such component of such rate shall be a rate resulting from converting such discount rate to an interest bearing equivalent rate per annum. As used in this definition, the “weighted average cost” shall consist of (x) the actual interest rate paid to purchasers of indexed Commercial Paper

issued by such Conduit, (y) the costs associated with the issuance of such Commercial Paper (including dealer fees and commissions to placement agents), and (z) interest on other borrowing or funding sources by such Conduit, including to fund small or odd dollar amounts that are not easily accommodated in the commercial paper market.

“Conduit Purchase Limit” means, for each Conduit, the purchase limit of such Conduit with respect to Purchases from Seller, in an amount not to exceed (i) in the aggregate, the amount set forth opposite such Conduit’s name on Schedule A to this Agreement, as such amount may be modified in accordance with the terms hereof (including, without limitation, Section 4.6(b)) and (ii) with respect to any individual Purchase hereunder, its Pro Rata Share of the aggregate Cash Purchase Price therefor.

“Consent Notice” has the meaning set forth in Section 4.6(a).

“Consent Period” has the meaning set forth in Section 4.6(a).

“Contingent Obligation” of a Person means any agreement, undertaking or arrangement by which such Person assumes, guarantees, endorses, contingently agrees to purchase or provide funds for the payment of, or otherwise becomes or is contingently liable upon, the obligation or liability of any other Person, or agrees to maintain the net worth or working capital or other financial condition of any other Person, or otherwise assures any creditor of such other Person against loss, including, without limitation, any comfort letter, operating agreement, take-or-pay contract or application for a letter of credit or the obligations of any such Person as general partner of a partnership with respect to the liabilities of the partnership. The amount of any Contingent Obligation shall be deemed to be an amount equal to the lesser of (a) an amount equal to the stated or determinable amount of the primary obligation in respect of which such Contingent Obligation is made and (b) the maximum amount for which such guaranteeing person may be liable pursuant to the terms of the instrument embodying such Contingent Obligation, unless such primary obligation and the maximum amount for which such guaranteeing person may be liable are not stated or determinable, in which case the amount of the Contingent Obligation shall be such guaranteeing person’s reasonably anticipated liability in respect thereof as determined by such Person in good faith.

“Contract” means, with respect to any Receivable, any and all instruments, agreements, invoices or other writings (including those with electronic signatures or other electronic authorization), which may be executed in counterparts and received by facsimile or electronic mail, pursuant to which such Receivable arises or which evidences such Receivable.

“COVID-19 Deferred Payment Program” means PDSI’s program that permits Obligors to defer payments under their related Contract for a period of up to 3 months in connection with the COVID-19 Emergency.

“COVID-19 Emergency” means collectively, the public health emergency declared by the United States Secretary of Health and Human Services on January 27, 2020, with respect to the 2019 Novel Coronavirus and all related federal and state emergency declarations and measures.

“COVID-19 Modifications” means, with respect to any COVID-19 Modified Receivable, each of the following modifications to the related Contract: (i) installment payments under the related Contract are deferred for a period of up to 3 months commencing on the date such Receivable first became a COVID-19 Modified Receivable and (ii) the deferred monthly installments are added to the end of the related Contract and payable in equal monthly installments.

“COVID-19 Modified Receivable” means a Receivable as to which the payment terms of the related Contract have been extended or modified in connection with the COVID-19 Deferred Payment Program.

“CP Costs” means, for each day, the aggregate discount or yield accrued with respect to the outstanding Capital of each respective Conduit as determined in accordance with the definition of Conduit Costs.

“Credit Agreement” means the Amended and Restated Credit Agreement, dated on or about January 27, 2017 (as it may be amended, restated, supplemented or otherwise modified from time to time) by and among PDCo, the lenders from time to time party thereto, MUFG, as administrative agent.

“Credit and Collection Policy” means Seller’s and/or the applicable Originator’s credit and collection policies and practices relating to Contracts and Receivables existing on the date of the Prior Agreement and summarized in Exhibit VIII hereto, as modified from time to time in accordance with this Agreement.

“Credit Enhancement” means, on any date, (i) if such date of determination is during the Temporary Credit Enhancement Period, the Credit Enhancement Temporary and (ii) if such date of determination is not during the Temporary Credit Enhancement Period, the Credit Enhancement Permanent.

“Credit Enhancement Permanent” means, on any date, an amount equal to the sum of (A) \$3,855,291.96, plus (B) the product of (i) the Net Portfolio Balance as of the close of business of Servicer on such date, multiplied by (ii)

the sum of (x) the greatest of (a) 15.0%, (b) the product of (I) the highest Cumulative Gross Loss Percentage for any Annual Vintage Pool (other than any Annual Vintage Pool that was originated prior to the 2003 Fiscal Year), multiplied by (II) 4.0, and (c) the sum of (I) the product of (A) the sum of (i) 1.0 plus (ii) 35.0% (or if a Cumulative Gross Loss Event has occurred and is continuing, 20.0%) of the Weighted Average Remaining Months Without Repayment Spike on such date multiplied by (B) the average Loss-to-Liquidation Ratio for the immediately preceding three Fiscal Months multiplied by (C) the Loss Multiple, multiplied by (D) 35.0% (or if a Cumulative Gross Loss Event has occurred and is continuing, 20.0%), plus (II) the product of (A) 65.0% (or if a Cumulative Gross Loss Event has occurred and is continuing, 80.0%), multiplied by (B) the average Loss-to-Liquidation Ratio for the immediately preceding three Fiscal Months multiplied by (C) the Loss Multiple, plus (y) the average Dilution Ratio for the immediately preceding three Fiscal Months.

“Credit Enhancement Temporary” means, on any date, an amount equal to the greater of (a) \$105,881,005.36 and (b) the sum of (A) \$3,855,291.96, plus (B) the product of (i) the Net Portfolio Balance as of the close of business of Servicer on such date, multiplied by (ii)

the sum of (x) the greatest of (a) 22.92%, (b) the product of (I) the highest Cumulative Gross Loss Percentage for any Annual Vintage Pool (other than any Annual Vintage Pool that was originated prior to the 2003 Fiscal Year), multiplied by (II) 4.0, and (c) the sum of (I) the product of (A) the sum of (i) 1.0 plus (ii) 35.0% (or if a Cumulative Gross Loss Event has occurred and is continuing, 20.0%) of the Weighted Average Remaining Months Without Repayment Spike on such date multiplied by (B) the average Default Ratio for the immediately preceding three Fiscal Months multiplied by (C) the Loss Multiple, multiplied by (D) 35.0% (or if a Cumulative Gross Loss Event has occurred and is continuing, 20.0%), plus (II) the product of (A) 65.0% (or if a Cumulative Gross Loss Event has occurred and is continuing, 80.0%), multiplied by (B) the average Default Ratio for the immediately preceding three Fiscal Months multiplied by (C) the Loss Multiple, plus (y) the average Dilution Ratio for the immediately preceding three Fiscal Months.

“Credit Loss” means a Receivable that is written off the Seller’s books and records in accordance with the applicable Originator’s Credit and Collection Policy.

“Cumulative Gross Loss Event” means, at any time of determination, the following event has occurred and is continuing: the Cumulative Gross Loss Percentage for any Specified Annual Vintage Pool exceeds 2.0%.

“Cumulative Gross Loss Percentage” means, on any date and with respect to any Annual Vintage Pool, a percentage equal to (i) the aggregate Outstanding Balance of all Receivables in such Annual Vintage Pool which became a Credit Loss, in each case, calculated as of the date such Receivable became a Credit Loss, divided by (ii) the aggregate initial Outstanding Balance of all Receivables in such Annual Vintage Pool.

“Deemed Collections” means the aggregate of all amounts Seller shall have been deemed to have received as a Collection of a Receivable. If at any time, (i) the Outstanding Balance of any Receivable is either (x) reduced as a result of any defective or rejected goods or services, any discount or any adjustment or otherwise by Seller or any Originator (other than cash Collections on account of the Receivables) or (y) reduced or canceled as a result of a setoff in respect of any claim by any Person (whether such claim arises out of the same or a related transaction or an unrelated transaction), (ii) any of the representations or warranties in Article V are no longer true with respect to any Receivable or (iii) the Related Equipment for any Receivable is Repossessed and sold for less than the fair market value of such Related Equipment, Seller shall be deemed to have received a Collection of such Receivable in the amount of (A) such reduction or cancellation in the case of clause (i) above, (B) the entire Outstanding Balance in the case of clause (ii) above and (C) the difference between the fair market value of the Repossessed Related Equipment and the gross proceeds received upon the sale of such Repossessed Related Equipment in the case of clause (iii) above.

“Deemed Exchange” shall have the meaning set forth in Section 1.5.

“Defaulted Receivable” means a Receivable as to which any payment, or part thereof, remains unpaid for 121 days or more from the original due date for such payment.

“Default Fee” means with respect to any amount due and payable by Seller in respect of any Aggregate Unpaid, an amount equal to the greater of (i) \$1000 and (ii) interest on any such unpaid Aggregate Unpaid at a rate per annum equal to 3.50% above the Alternate Base Rate.

“Default Ratio” means, as of the last day of each Fiscal Month, a percentage equal to: (i) the aggregate Outstanding Balance of all Defaulted Receivables on such day, divided by (ii) the aggregate Outstanding Balance of all Receivables on such day.

“Delayed Financial Institution” has the meaning set forth in Section 1.2(a).

“Delinquency Ratio” means, at any time, a percentage equal to (i) the aggregate Outstanding Balance of all Receivables that were Delinquent Receivables at such time divided by (ii) the aggregate Outstanding Balance of all Receivables at such time.

“Delinquent Receivable” means a Receivable as to which any payment, or part thereof, remains unpaid for 61 days or more from the original due date for such payment.

“Designated Obligor” means an Obligor indicated by Agent to Seller in writing.

“Dilution Ratio” means, on any date, an amount equal to the product of (i) 6 multiplied by (ii) the quotient of (x) “non-cash full returns” and “non-cash partial returns” (each as set forth as a separate line item in the Monthly Report) divided by (y) the Outstanding Balance of all Receivables as of the first day of the current Fiscal Month.

“Dilutions” means, at any time, the aggregate amount of reductions or cancellations described in clause (i) of the definition of “Deemed Collections”.

“Discounted Receivable” means a Receivable that arises under a Contract pursuant to which the first installment payment thereunder is not required to be made prior to 120 days after the contract inception; provided that such Receivable shall cease to be a Discounted Receivable after the date 120 days after the contract inception and shall at all times thereafter be deemed to be a “Skip Receivable”; provided further, if the first six payments thereunder are made in full in consecutive months, such Receivable shall no longer be deemed to be a “Skip Receivable.”

“Discount Rate” means, the LIBO Rate or the Alternate Base Rate, as applicable, with respect to the Capital of each Financial Institution.

“DPP Report” means a report, in substantially the form of Exhibit XIII hereto (appropriately completed), furnished by Servicer to Agent and each Purchaser Agent pursuant to Section 8.5.

“Dynamic EDR Maximum Percentage” means, at any time, a percentage equal to (I) if a Cumulative Gross Loss Event has occurred and is continuing, 20.0% and (II) otherwise, the lesser of (i) 35.0% and (ii) a percentage equal to (A) (x) the aggregate Outstanding Balance of all

Eligible Receivables that are Extended Discounted Receivables, divided by (y) the aggregate Outstanding Balance of all Receivables, times (B) 92.5%.

“Dynamic ESR Maximum Percentage” means, at any time, a percentage equal to (I) if a Cumulative Gross Loss Event has occurred and is continuing, 25.0% and (II) otherwise, the lesser of (i) 40.0% and (ii) a percentage equal to (A) (x) the aggregate Outstanding Balance of all Eligible Receivables that are either Extended Discounted Receivables or Extended Skip Receivables, divided by (y) the aggregate Outstanding Balance of all Receivables, times (B) 92.5%.

“EagleSoft Computer Receivable” means a Receivable originated by PDSI that arises from the sale or financing of computer hardware equipment by PDSI. “EagleSoft Computer Receivables” may also be referred to as “Patterson Computer Receivables”.

“EagleSoft Software Receivable” means a Receivable originated by PDSI that arises from the sale, licensing or financing of computer software by PDSI.

“EagleSoft Software Receivable Discounted Balance” means, at any time, with respect to any EagleSoft Software Receivable, the discounted Outstanding Balance of such Receivable, which Outstanding Balance shall be discounted using a discount rate of 10%.

“Early Opt-in Election” means the occurrence of:

(1) (i) a determination by the Agent or (ii) a notification by the Required Purchasers to the Agent (with a copy to the Seller) that the Required Purchasers have determined that U.S. dollar-denominated syndicated credit facilities being executed at such time, or that include language similar to that contained in Section 4.5, are being executed or amended, as applicable, to incorporate or adopt a new benchmark interest rate to replace the LIBO Rate, and

(2) (i) the election by the Agent or (ii) the election by the Required Purchasers to declare that an Early Opt-in Election has occurred and the provision, as applicable, by the Agent of written notice of such election to the Seller and the Purchasers or by the Required Purchasers of written notice of such election to the Agent.

“Eligible COVID-19 Modified Receivable” means, as of any date of determination, a COVID-19 Modified Receivable that satisfied each of the following criteria: (i) installment payments under the related Contract are not required to be made for a period of up to 3 months commencing on the date such Receivable first became a COVID-19 Modified Receivable, (ii) interest will continue to accrue under the related Contract during such deferral period, (iii) the monthly installment amount owing by the related Obligor during the related deferral period is \$0, (iv) the deferred monthly installments will be added to the end of the related Contract and payable in equal monthly installments, (v) such Receivable was not a Delinquent Receivable on the date it became a COVID-19 Modified Receivable, (vi) no payment, or part thereof, that was invoiced to the related Obligor prior to such Receivable becoming a COVID-19 Modified Receivable remains unpaid for 61 days or more from the original due date for such payment, (vii) the related Obligor has affirmatively elected to participate in the COVID-19 Deferred Payment

Program by completing and submitting an application therefore to PDSI, (viii) such Receivable became a COVID-19 Modified Receivable not later than June 30, 2020, (ix) no more than three monthly installment payments in the aggregate are being deferred under the related Contract and (x) the Originator thereof is PDSI.

“Eligible Hedge Provider” means any financial institution that has an unsecured, unguaranteed, long-term debt rating of at least A- by S&P or A3 by Moody’s.

“Eligible Receivable” means, at any time, a Receivable:

- (i) the Obligor of which (a) if a natural person, is a resident of the United States or, if a corporation or other business organization, is organized under the laws of the United States or any political subdivision thereof and has its chief executive office in the United States; (b) is not an Affiliate of any of the parties hereto; (c) is neither a Designated Obligor nor a Sanctioned Person; and (d) is not a government or a governmental subdivision or agency,
- (ii) the Obligor of which is not, and has not been, the Obligor of any Charged-Off Receivable or any Defaulted Receivable,
- (iii) that is not a Charged-Off Receivable or a Defaulted Receivable,
- (iv) that is not a Delinquent Receivable,
- (v) that arises under a Contract that has not had any payment or other terms of such Contract extended, modified or waived other than, in the case of an Eligible COVID-19 Modified Receivable, the COVID-19 Modifications,
- (vi) that is an “account” or “chattel paper” within the meaning of Article 9 of the UCC of all applicable jurisdictions,
- (vii) that is denominated and payable only in United States dollars in the United States,
- (viii) that arises under a Contract in substantially the form of one of the form contracts set forth on Exhibit IX hereto or otherwise approved by Agent in writing, which, together with such Receivable, is in full force and effect and constitutes the legal, valid and binding obligation of the related Obligor enforceable against such Obligor in accordance with its terms subject to no offset, counterclaim or other defense,
- (ix) that arises under a Contract that (A) does not require the Obligor under such Contract to consent to the transfer, sale or assignment of the rights and duties of the applicable Originator or any of its assignees under such Contract, (B) does not contain a confidentiality provision that purports to restrict the ability of any Purchaser to exercise its rights under this Agreement, including, without limitation, its

right to review the Contract and (C) at the time the payment is received the Contract is continuing and does not constitute a refund on a terminated Contract,

(x) that arises under a Contract that contains an obligation to pay a specified sum of money, contingent only upon the sale of goods or the provision of services by the applicable Originator,

(xi) that, together with the Contract related thereto, does not contravene any law, rule or regulation applicable thereto (including, without limitation, any law, rule and regulation relating to truth in lending, fair credit billing, fair credit reporting, equal credit opportunity, fair debt collection practices and privacy) and with respect to which no part of the Contract related thereto is in violation of any such law, rule or regulation,

(xii) that satisfies all applicable requirements of the Credit and Collection Policy,

(xiii) that was generated in the ordinary course of the applicable Originator's business,

(xiv) that arises solely from the sale, licensing or financing of goods or the provision of services to the related Obligor by the applicable Originator, and not by any other Person (in whole or in part),

(xv) as to which Agent has not notified Seller that Agent has determined that such Receivable or class of Receivables is not acceptable as an Eligible Receivable, including, without limitation, because such Receivable arises under a Contract that is not acceptable to Agent,

(xvi) that is not subject to any right of rescission, set-off, counterclaim, any other defense (including defenses arising out of violations of usury laws) of the applicable Obligor against the applicable Originator or any other Adverse Claim, and the Obligor thereon holds no right as against such Originator to cause such Originator to repurchase the goods or merchandise the sale of which shall have given rise to such Receivable (except with respect to sale discounts effected pursuant to the Contract, or defective goods returned in accordance with the terms of the Contract),

(xvii) that, (a) if such Receivable is a Discounted Receivable, the related Contract requires that payment in full of the Outstanding Balance of such Receivable be made not later than 64 months (or in the case of a Large Receivable, not later than 88 months) after the date such Receivable was originated; (b) if such Receivable is an Extended Discounted Receivable, the related Contract requires (i) that payment in full of the Outstanding Balance of such Receivable be made not later than 73 months after the date such Receivable was originated and (ii) no more than 60 monthly payments; (c) if such Receivable is an EagleSoft Computer Receivable or EagleSoft Software Receivable, the related Contract requires that payment in full of the Outstanding

Balance of such Receivable be made not later than 39 months after the date such Receivable was originated; (d) if such Receivable is a Large Receivable, the related Contract requires that payment in full of the Outstanding Balance of such Receivable be made not later than 85 months after the date such Receivable was originated; and (e) otherwise, the related Contract requires that payment in full of the Outstanding Balance of such Receivable be made not later than 61 months after the date such Receivable was originated,

(xviii) as to which the applicable Originator has satisfied and fully performed all obligations on its part with respect to such Receivable required to be fulfilled by it, and no further action is required to be performed by any Person with respect thereto other than payment thereon by the applicable Obligor,

(xix) all right, title and interest to and in which has been validly transferred by the applicable Originator directly to Seller under and in accordance with the Receivables Sale Agreement, and Seller has good and marketable title thereto free and clear of any Adverse Claim,

(xx) that arises under a Contract that requires the Outstanding Balance of such Receivable to be paid in equal consecutive monthly installments,

(xxi) that is not (a) a Balloon Payment Receivable or (b) a Modified Receivable that does not constitute an Eligible COVID-19 Modified Receivable,

(xxii) that, together with the related Contract, has not been sold, assigned or pledged by the applicable Originator or Seller, except pursuant to the terms of the Receivables Sale Agreement and this Agreement,

(xxiii) that if such Receivable is an EagleSoft Software Receivable, the Obligor thereof has made at least three payments on such Receivable,

(xxiv) with respect to which there is only one original executed copy of the related Contract, which will, together with the related records be held by Servicer as bailee of Agent and the Purchasers, and no other custodial agreements are in effect with respect thereto,

(xxv) that excludes residual value and any maintenance component, and

(xxvi) that if such Receivable is an Extended Skip Receivable, no required payment or part thereof, in connection with such Receivable remains unpaid for 30 days or more from the original due date for such payment.

“ERISA” means the Employee Retirement Income Security Act of 1974, as amended from time to time.

“**Excess Spread**” means, as of the last day of any Fiscal Month, the sum of (i) the weighted average annual percentage rate accruing on the Receivables, minus (ii) 1%, minus (iii) the Cap Strike Rate, minus (iv) the Program Fee Rate (as defined in each Fee Letter).

“**Extended Discounted Receivable**” means a Receivable that arises under a Contract pursuant to which the first installment payment thereunder is not required to be made prior to 4 to 12 months after the contract inception; provided that such Receivable shall cease to be an Extended Discounted Receivable after the date on which the first installment payment thereunder is required to be paid and shall at all times thereafter be deemed to be an “Extended Skip Receivable”; provided further, if the first six payments thereunder are made in full in consecutive months, such Receivable shall no longer be deemed to be an “Extended Skip Receivable.”

“**Extended Skip Receivable**” has the meaning set forth in the definition of “Extended Discounted Receivable”.

“**Extension Notice**” has the meaning set forth in Section 4.6(a).

“**Facility**” means the facility providing for Seller to sell the Asset Portfolio as provided in this Agreement.

“**Facility Account**” means the account numbered 1109495 maintained by Seller in the name of “PDC Funding Company, LLC” at JPMorgan, together with any successor account or sub-account.

“**Facility Termination Date**” means the earliest of (i) the Liquidity Termination Date and (ii) the Amortization Date.

“**Federal Bankruptcy Code**” means Title 11 of the United States Code entitled “Bankruptcy,” as amended and any successor statute thereto.

“**Federal Funds Effective Rate**” means for any day, the weighted average (rounded upwards, if necessary, to the next 1/100 of 1%) of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers, as published on the next succeeding Business Day by the Federal Reserve Bank of New York, or, if such rate is not so published for any day that is a Business Day, the average (rounded upwards, if necessary, to the next 1/100 of 1%) of the quotations for such day for such transactions received by Agent from three Federal funds brokers of recognized standing selected by it. Notwithstanding the foregoing, if any Financial Institution is borrowing overnight funds on any day from a Federal Reserve Bank to make or maintain such Financial Institution’s funding of all or any portion of the Asset Portfolio hereunder, the Federal Funds Effective Rate, at the option of such Financial Institution, for such Financial Institution shall be the average rate per annum at which such overnight borrowings are made on any such day. Each determination of the Federal Funds Effective Rate shall be conclusive and binding on Seller and the Seller Parties, except in the case of manifest error.

“Federal Reserve Bank of New York’s Website” means the website of the Federal Reserve Bank of New York at <http://www.newyorkfed.org>, or any successor source.

“Fee Letter” means the letter agreement dated as of August 10, 2018 (as amended, restated, supplemented, or otherwise modified from time to time) among Seller, MUFG, the MUFG Conduit, Royal Bank of Canada and Thunder Bay Funding, LLC.

“Final Payout Date” means the date following the Amortization Date on which the Aggregate Capital shall have been reduced to zero and all of the Aggregate Unpaid, Obligations and all other amounts then accrued or payable to Agent, the Purchaser Agents, the Purchasers and the other Indemnified Parties shall have been indefeasibly paid in full in cash.

“Finance Charge Collections” means Collections consisting of Finance Charges.

“Finance Charges” means, with respect to a Contract, any finance, interest, late payment charges or similar charges owing by an Obligor pursuant to such Contract.

“Financial Institutions” has the meaning set forth in the preamble in this Agreement.

“Financial Institution Yield” means for each respective Rate Tranche Period relating to any Capital (or portion thereof) of any of the Financial Institutions, an amount equal to the product of the applicable Discount Rate for such Capital (or portion thereof) multiplied by the Capital (or portion thereof) of such Financial Institution for each day elapsed during such Rate Tranche Period, annualized on a 360 day basis.

“First Tier Account” means each concentration account, depository account, lock-box account or similar account in which any Collections are collected or deposited, including, without limitation, by means of automatic funds transfer (other than the Second-Tier Account) and which is listed on Exhibit IV.

“Fiscal Month” means any of the twelve consecutive four week or five week accounting periods used by PDCo for accounting purposes which begin on the Sunday after the last Saturday in April of each year and ending on the last Saturday in April of the next year.

“Fiscal Year” means the twelve consecutive month accounting period used by PDCo for accounting purposes which begins on the Sunday after the last Saturday in April of each year and ending on the last Saturday of April of the next year.

“Funding Agreement” means (i) this Agreement and (ii) any agreement or instrument executed by any Funding Source with or for the benefit of a Conduit.

“Funding Source” means with respect to any Conduit (i) such Conduit’s Related Financial Institution(s) or (ii) any insurance company, bank or other funding entity providing liquidity, credit enhancement or back-up purchase support or facilities to such Conduit.

“GAAP” means generally accepted accounting principles in effect in the United States of America as of the date of this Agreement, *provided*, that if there occurs after the date of this

Agreement any change in GAAP that affects in any material respect the calculation of any amount described in Sections 9.1(f) or (m), Agent and Seller shall negotiate in good faith amendments to the provisions of this Agreement that relate to the calculation of such amounts with the intent of having the respective positions of Agent and the Purchasers and Seller after such change in GAAP conform as nearly as possible to their respective positions as of the date of this Agreement and, until any such amendments have been agreed upon, the amounts described in Sections 9.1(f) or (m) shall be calculated as if no such change in GAAP has occurred.

“Group Practice” means a dental practice that has multiple dentists with (i) four or more offices and (ii) \$200,000 or more in annual expenditures for goods and inventory.

“Group Practice Obligor” means an Obligor that is both (i) a corporation or other business association that has been in existence for more than five years and (ii) a Group Practice.

“Hedge Floating Amount” means, with respect to any Hedging Agreement, all amounts owing to Seller under, and any other Collections with respect to, such Hedging Agreement.

“Hedge Provider” means any Person that enters into a Hedging Agreement with Seller.

“Hedge Provider Downgrade” means the unsecured, unguaranteed, long-term debt rating of any Hedge Provider under its then current Hedging Agreement, if any, is reduced below A- or withdrawn by S&P or below A3 or withdrawn by Moody’s.

“Hedging Agreement” means an interest rate cap agreement or other interest rate hedge agreement, in each case, in form and substance satisfactory to Agent, entered into by Seller (and pledged to Agent, for the ratable benefit of the Purchasers), as the same may from time to time be supplemented, amended, extended, replaced or otherwise modified, in each case, in accordance with Section 7.3(d)(iii); provided that (i) at the time such transaction is entered into, the Hedge Provider thereunder is an Eligible Hedge Provider, (ii) Seller shall have no payment obligations nor any Hedging Obligations under such transaction other than the payment of up-front premiums to the Eligible Hedge Provider (and on or prior to the date of such Hedging Agreement all such premiums payable by Seller during the scheduled term of such Hedging Agreement shall have been duly paid in full in advance), (iii) the notional amount with respect to such Hedging Agreement shall be an amount at all times satisfactory to Agent, which amount shall be \$300,000,000 until otherwise specified by Agent to Seller and (iv) the documentation governing such hedge transaction shall be in form and substance satisfactory to Agent.

“Hedging Obligations” means all amounts payable to a Hedge Provider under such Hedge Provider’s Hedging Agreement, including, without limitation, the accrued fixed amount under such Hedging Agreement and all breakage costs associated with the termination of such Hedging Agreement.

“Indebtedness” of a Person means such Person’s (i) obligations for borrowed money, (ii) obligations representing the deferred purchase price of property or services (other than accounts payable arising in the ordinary course of such Person’s business payable on terms customary in the trade), (iii) obligations, whether or not assumed, secured by liens or payable out of the

proceeds or production from property now or hereafter owned or acquired by such Person, (iv) obligations which are evidenced by notes, acceptances, or other instruments, (v) capitalized lease obligations, (vi) net liabilities under interest rate swap, exchange or cap agreements, (vii) Contingent Obligations and (viii) liabilities in respect of unfunded vested benefits under plans covered by Title IV of ERISA.

“Independent Governor” shall mean a member of the Board of Governors of Seller who (i) shall not have been at the time of such Person’s appointment or at any time during the preceding five years, and shall not be as long as such Person is a governor of Seller, (A) a director, officer, employee, partner, shareholder, member, manager, governor or Affiliate of any of the following Persons (collectively, the **“Independent Parties”**): Servicer, any Patterson Entity, or any of their respective Subsidiaries or Affiliates (other than Seller), (B) a supplier to any of the Independent Parties, (C) a Person controlling or under common control with any partner, shareholder, member, manager, governor, Affiliate or supplier of any of the Independent Parties, or (D) a member of the immediate family of any director, officer, employee, partner, shareholder, member, manager, Affiliate or supplier of any of the Independent Parties; (ii) has prior experience as an independent director or governor for a corporation or limited liability company whose charter documents required the unanimous consent of all independent directors or governors thereof before such corporation or limited liability company could consent to the institution of bankruptcy or insolvency proceedings against it or could file a petition seeking relief under any applicable federal or state law relating to bankruptcy and (iii) has at least three years of employment experience with one or more entities that provide, in the ordinary course of their respective businesses, advisory, management or placement services to issuers of securitization or structured finance instruments, agreements or securities and is employed by any such entity.

“Indemnified Amounts” has the meaning set forth in Section 10.1.

“Indemnified Party” has the meaning set forth in Section 10.1.

“Intercreditor Agreement” means the Amended and Restated Intercreditor Agreement, dated as of April 27, 2007, by and among Agent, US Bank, as agent under the US Bank Contract Purchase Agreement, PDCo, PDSI, Webster and Seller, as amended by Amendment #1 thereto, dated as of the date hereof, and as the same may be further amended, restated supplemented or otherwise modified from time to time.

“Interest Expense Coverage Ratio” shall have the meaning assigned to such term in the Credit Agreement, including all defined terms used within such term which defined terms and definitions thereof are incorporated by reference herein; provided, however, that in the event the Credit Agreement is terminated or such defined term is no longer used in the Credit Agreement, the respective meaning assigned to such term immediately preceding such termination or non-usage shall be used for purposes of this Agreement. If, after the date hereof, the Interest Expense Coverage Ratio maintenance covenant set forth in Section 6.21 of the Credit Agreement (or any of the defined terms used in connection with such covenant (including the term “Interest Expense Coverage Ratio”)) is amended, modified or waived, then the test set forth in this Agreement or the defined terms used therein, as applicable, shall, for all purposes of this Agreement,

automatically and without further action on the part of any Person, be deemed to be also so amended, modified or waived, if at the time of such amendment, modification or waiver, (i) each Purchaser Agent and the Agent is a party to the Credit Agreement and (ii) such amendment, modification or waiver is consummated in accordance with the terms of the Credit Agreement.

“JPMorgan” means JPMorgan Chase Bank, N.A. in its individual capacity and its successors and assigns.

“Large Receivable” means (i) each Receivable, the initial Outstanding Balance of such Receivable on the date it was originated was not less than \$75,000, (ii) each 3D Cone Beam Receivable that was originated on or prior to November 30, 2012 and (iii) each CEREC Receivable that was originated on or prior to November 30, 2012.

“Legal Maturity Date” means the two-year anniversary of the due date of the latest maturing Receivable in the Asset Portfolio on the date of the occurrence of the Amortization Date.

“Leverage Ratio” shall have the meaning assigned to such term in the Credit Agreement, including all defined terms used within such term which defined terms and definitions thereof are incorporated by reference herein; provided, however, that in the event the Credit Agreement is terminated or such defined term is no longer used in the Credit Agreement, the respective meaning assigned to such term immediately preceding such termination or non-usage shall be used for purposes of this Agreement. If, after the date hereof, the Leverage Ratio maintenance covenant set forth in Section 6.20 of the Credit Agreement (or any of the defined terms used in connection with such covenant (including the term “Leverage Ratio”)) is amended, modified or waived, then the test set forth in this Agreement or the defined terms used therein, as applicable, shall, for all purposes of this Agreement, automatically and without further action on the part of any Person, be deemed to be also so amended, modified or waived, if at the time of such amendment, modification or waiver, (i) each Purchaser Agent and the Agent is a party to the Credit Agreement and (ii) such amendment, modification or waiver is consummated in accordance with the terms of the Credit Agreement.

“LIBO Rate” means the rate per annum equal to the greater of (a) 0.00% and (b) the sum of (i) (a) the London interbank offered rate administered by ICE Benchmark Administration Limited (or any person which takes over the administration of that rate) for deposits in U.S. dollars, as published by Reuters (or any successor thereto), as of 11:00 a.m. (London time) two Business Days prior to the first day of the relevant Rate Tranche Period, and having a maturity equal to such Rate Tranche Period, provided that, (i) if Reuters (or any successor thereto) is not publishing such information for any reason, the applicable LIBO Rate for the relevant Rate Tranche Period shall instead be the London interbank offered rate administered by ICE Benchmark Administration Limited (or any person which takes over the administration of that rate) for deposits in U.S. dollars, as reported by any other generally recognized financial information service as of 11:00 a.m. (London time) two Business Days prior to the first day of such Rate Tranche Period, and having a maturity equal to such Rate Tranche Period, and (ii) if no such London interbank offered rate is available to Agent, the applicable LIBO Rate for the relevant Rate Tranche Period shall instead be the rate determined by Agent to be the rate at

which MUFG offers to place deposits in U.S. dollars with first-class banks in the London interbank market at approximately 11:00 a.m. (London time) two Business Days prior to the first day of such Rate Tranche Period, in the approximate amount to be funded at the LIBO Rate and having a maturity equal to such Rate Tranche Period, divided by (b) one minus the maximum aggregate reserve requirement (including all basic, supplemental, marginal or other reserves) which is imposed against Agent in respect of Eurocurrency liabilities, as defined in Regulation D of the Board of Governors of the Federal Reserve System as in effect from time to time (expressed as a decimal), applicable to such Rate Tranche Period plus (ii) 1.00% per annum. The LIBO Rate shall be rounded, if necessary, to the next higher 1/16 of 1%.

“Liquidity Termination Date” means August 7, 2020, as extended by the mutual agreement of Seller, Agent, the Purchaser Agents and the Purchasers.

“Lock-Box” means each locked postal box with respect to which a bank who has executed a Collection Account Agreement has been granted exclusive access for the purpose of retrieving and processing payments made on the Receivables and which is listed on Exhibit IV.

“Loss Multiple” means (i) 3.5 if the Leverage Ratio is less than or equal to 3.00x and (ii) 4.5 if the Leverage Ratio is greater than 3.00x, in each case as of the last day of the immediately preceding fiscal quarter.

“Loss-to-Liquidation Ratio” means, on any date, an amount equal to the quotient of (i) the Loss Amount divided by (ii) the sum of (x) the total Collections that reduce the Outstanding Balance on the Receivables during the immediately preceding Fiscal Month, plus (y) the Loss Amount,

where:

Loss Amount = The sum of (A) the positive number representing the difference between (i) the Outstanding Balance of all Receivables which became Defaulted Receivables during the immediately preceding Fiscal Month minus (ii) the Outstanding Balance of all Receivables which ceased to continue to be Defaulted Receivables (solely as a consequence of any Obligor making a payment on any Defaulted Receivable) during the immediately preceding Fiscal Month, plus (B) the Outstanding Balance of all Receivables that are not Defaulted Receivables and the Obligor thereof has taken any action, or suffered any event to occur, of the type described in Section 9.1(d) (as if references to the Seller Party therein refer to such Obligor) during the immediately preceding Fiscal Month. The Loss Amount shall not be less than “zero”.

“Material Adverse Effect” means a material adverse effect on (i) the financial condition or operations of any Seller Party and its Subsidiaries, (ii) the ability of any Seller Party to

perform its obligations under this Agreement or the Performance Provider to perform its obligations under the Performance Undertaking, (iii) the legality, validity or enforceability of this Agreement or any other Transaction Document, (iv) any Purchaser's interest in the Receivables generally or in any significant portion of the Receivables, the Related Security or the Collections with respect thereto, or (v) the collectibility of the Receivables generally or of any material portion of the Receivables.

"Modified Receivable" means a Receivable as to which the payment terms of the related Contract have been extended or modified for credit reasons since the origination of such Receivable.

"Monthly Report" means a report, in substantially the form of Exhibit X hereto (appropriately completed), furnished by Servicer to Agent and each Purchaser Agent pursuant to Section 8.5.

"Moody's" means Moody's Investors Service, Inc.

"MUFG" has the meaning set forth in the Preliminary Statements to this Agreement.

"MUFG Conduit" has the meaning set forth in the Preliminary Statements to this Agreement.

"MUFG Roles" has the meaning set forth in Section 14.13(a).

"Net Portfolio Balance" means, at any time, the aggregate Outstanding Balance of all Eligible Receivables at such time reduced by the sum of the following amounts, without duplication: (i) the aggregate amount by which the Outstanding Balance of all Eligible Receivables of each Obligor and its Affiliates exceeds the Concentration Limit for such Obligor, plus (ii) the aggregate amount by which the Outstanding Balance of all Eligible Receivables that are Veterinary Receivables, exceeds 10.0% of the aggregate Outstanding Balance of all Receivables, plus (iii) the aggregate amount by which the Outstanding Balance of all Eligible Receivables that are EagleSoft Software Receivables, exceeds 0.5% of the aggregate Outstanding Balance of all Receivables, plus (iv) the aggregate amount by which the Outstanding Balance of all Eligible Receivables that are EagleSoft Computer Receivable (also referred to as a "Patterson Computer Receivable"), exceeds 0.0% of the aggregate Outstanding Balance of all Receivables, plus (v) the aggregate amount by which the Outstanding Balance of all Eligible Receivables that are Large Receivable for which the related Contract requires that payment in full of the Outstanding Balance of such Receivable be made later than 64 months after the date such Receivable was originated, exceeds 10.0% of the aggregate Outstanding Balance of all Receivables, plus (vi) the aggregate amount by which the Outstanding Balance of all Eligible Receivables that are Discounted Receivables, exceeds 5.0% of the aggregate Outstanding Balance of all Receivables, plus (vi) the aggregate amount by which the Outstanding Balance of all Eligible Receivables that are Special Market Receivables, exceeds 5.0% of the aggregate Outstanding Balance of all Receivables, plus (vii) the aggregate amount by which the Outstanding Balance of all Eligible Receivables that are either Discounted Receivables or Skip Receivables, exceeds 10.0% of the aggregate Outstanding Balance of all Receivables, plus (viii)

the aggregate amount by which the Outstanding Balance of all Eligible Receivables that are Extended Discounted Receivables, exceeds the Dynamic EDR Maximum Percentage at such time of the aggregate Outstanding Balance of all Receivables, plus (ix) the aggregate amount by which the Outstanding Balance of all Eligible Receivables that are either Extended Discounted Receivables or Extended Skip Receivables, exceeds the Dynamic ESR Maximum Percentage at such time of the aggregate Outstanding Balance of all Receivables, plus (x) the excess of the aggregate Outstanding Balance of all Eligible Receivables that are EagleSoft Software Receivables over the aggregate EagleSoft Software Receivable Discounted Balance of all such Receivables.

“Non-Renewing Financial Institution” has the meaning set forth in Section 4.6(a).

“Obligations” shall have the meaning set forth in Section 2.1.

“Obligor” means a Person obligated to make payments pursuant to a Contract.

“OFAC” has the meaning set forth in the definition of Sanctioned Person.

“Off-Balance Sheet Liability” of a Person means the principal component of (i) any repurchase obligation or liability of such Person with respect to accounts or notes receivable sold by such Person, (ii) any liability under any sale and leaseback transaction which is not a capitalized lease, (iii) any liability under any so-called “synthetic lease” or “tax ownership operating lease” transaction entered into by such Person, (iv) any receivables purchase or financing facility or (v) any obligation arising with respect to any other transaction which is the functional equivalent of or takes the place of borrowing but which does not constitute a liability on the consolidated balance sheets of such Person, but excluding from this clause (v) all operating leases.

“Originated Receivable” means all indebtedness and other obligations owed to Seller or an Originator (at the time it arises, and before giving effect to any transfer or conveyance under the Receivables Sale Agreement or hereunder) or in which Seller or an Originator has a security interest or other interest, including, without limitation, any indebtedness, obligation or interest constituting an account, chattel paper, instrument or general intangible, arising in connection with the sale, licensing or financing of goods or the rendering of services by an Originator, and further includes, without limitation, the obligation to pay any Finance Charges with respect thereto. Indebtedness and other rights and obligations arising from any one transaction, including, without limitation, indebtedness and other rights and obligations represented by an individual invoice, shall constitute an Originated Receivable separate from an Originated Receivable consisting of the indebtedness and other rights and obligations arising from any other transaction; provided further, that any indebtedness, rights or obligations referred to in the immediately preceding sentence shall be an Originated Receivable regardless of whether the account debtor, any Originator or Seller treats such indebtedness, rights or obligations as a separate payment obligation.

“Originator” means each of PDSI and Webster, in their respective capacities as seller under the Receivables Sale Agreement and any other seller from time to time party thereto.

“Other Costs” shall have the meaning set forth in Section 10.3.

“Other Sellers” shall have the meaning set forth in Section 10.4.

“Outstanding Balance” of any Receivable at any time means the then outstanding principal balance thereof.

“Participant” has the meaning set forth in Section 12.2.

“Patriot Act” has the meaning set forth in Section 14.19.

“Patterson Entity” means each of PDCo and each Originator and their respective successors and assigns.

“Payment Instruction” has the meaning set forth in Section 1.4.

“Payment Rate” means, at any time of determination, the ratio (expressed as a percentage) of (a) the total amount of Collections that reduce the Outstanding Balance on the Receivables during such Fiscal Month to (b) the aggregate Outstanding Balance of Receivables as of the inception of such Fiscal Month.

“PDCo” has the meaning set forth in the preamble to this Agreement.

“PDSI” means Patterson Dental Supply, Inc., a Minnesota corporation, together with its successors and assigns.

“Performance Provider” means PDCo in its capacity as Provider under the Performance Undertaking.

“Performance Undertaking” means that certain Performance Undertaking, dated as of May 10, 2002, by Performance Provider in favor of Seller, substantially in the form of Exhibit XI, as the same may be amended, restated, supplemented or otherwise modified from time to time.

“Permitted Investments” means (a) evidences of indebtedness maturing within thirty days after the date of loan thereof, issued by, or guaranteed by the full faith and credit of, the federal government of the United States, (b) repurchase agreements with banking institutions or broker-dealers registered under the Securities Exchange Act of 1934 which are fully secured by obligations of the kind specified in clause (a), (c) money market funds (i) rated not lower than the highest rating category from Moody’s and “AAA m” or “AAAm-g,” from S&P or (ii) which are otherwise acceptable to Agent or (d) commercial paper issued by any corporation incorporated under the laws of the United States and rated at least “A-1+” (or the equivalent) by S&P and at least “P-1” (or the equivalent) by Moody’s.

“Person” means an individual, partnership, corporation (including a business trust), limited liability company, joint stock company, trust, unincorporated association, joint venture or other entity, or a government or any political subdivision or agency thereof.

“P.O. Box” means a locked postal box located in a United States post office to which Obligors remit payments of Receivables.

“Postal Notice” means a notice from an Originator directing the United States post office where any P.O. Box is located to transfer control of such P.O. Box to Agent, which notice shall be substantially in the form of Exhibit XII.

“Post-Amendment Date” means May 20, 2020.

“Potential Amortization Event” means an event which, with the passage of time or the giving of notice, or both, would constitute an Amortization Event.

“Prior Agreement” has the meaning set forth in the Preliminary Statements to this Agreement.

“Prime Rate” means a rate per annum equal to the prime rate of interest announced from time to time by MUFG or its parent (which is not necessarily the lowest rate charged to any customer), changing when and as said prime rate changes.

“Principal Collections” means Collections other than Finance Charge Collections.

“Proposed Reduction Date” has the meaning set forth in Section 1.3.

“Pro Rata Share” means, (a) for each Financial Institution, a percentage equal to (i) the Commitment of such Financial Institution, divided by (ii) the aggregate amount of all Commitments of all Financial Institutions in such Financial Institution’s Purchaser Group, adjusted as necessary to give effect to the application of the terms of Section 4.6, and (b) for each Conduit, a percentage equal to (i) the Conduit Purchase Limit of such Conduit, divided by (ii) the aggregate amount of all Conduit Purchase Limits of all Conduits hereunder.

“Purchase” has the meaning set forth in Section 1.1(a).

“Purchase Limit” means \$525,000,000, as such amount may be modified in accordance with the terms of Section 4.6(b).

“Purchase Notice” has the meaning set forth in Section 1.2(a).

“Purchaser Agent Roles” has the meaning set forth in Section 14.13(b).

“Purchaser Agents” has the meaning set forth in the preamble to this Agreement.

“Purchaser Group” means with respect to (i) each Conduit, a group consisting of such Conduit, its Purchaser Agent and its Related Financial Institution(s), (ii) each Financial Institution, a group consisting of such Financial Institution, the Conduit for which such Financial Institution is a Related Financial Institution, its Purchaser Agent and each other Financial Institution that is a Related Financial Institution for such Conduit (if any) and (iii) each Purchaser

Agent, a group consisting of such Purchaser Agent and the Conduit and Related Financial Institution(s) for which such Purchaser Agent is acting as Purchaser Agent hereunder.

“Purchasers” means each Conduit and each Financial Institution.

“Purchasing Financial Institution” has the meaning set forth in Section 12.1(b).

“Rate Tranche Period” means, with respect to any portion of the Asset Portfolio held by a Financial Institution:

(a) if Financial Institution Yield for any portion of such Financial Institution’s Capital is calculated on the basis of the LIBO Rate, a period of one month, or such other period as may be mutually agreeable to the applicable Financial Institution and Seller, commencing on a Business Day selected by Seller or the applicable Financial Institution pursuant to this Agreement. Such Rate Tranche Period shall end on the day in the applicable succeeding calendar month which corresponds numerically to the beginning day of such Rate Tranche Period, provided, however, that if there is no such numerically corresponding day in such succeeding month, such Rate Tranche Period shall end on the last Business Day of such succeeding month; or

(b) if Financial Institution Yield for any portion of such Financial Institution’s Capital is calculated on the basis of the Alternate Base Rate, a period commencing on a Business Day selected by Seller and agreed to by the applicable Financial Institution, provided no such period shall exceed one month.

If any Rate Tranche Period would end on a day which is not a Business Day, such Rate Tranche Period shall end on the next succeeding Business Day, provided, however, that in the case of Rate Tranche Periods corresponding to the LIBO Rate, if such next succeeding Business Day falls in a new month, such Rate Tranche Period shall end on the immediately preceding Business Day. In the case of any Rate Tranche Period for any portion of any Financial Institution’s Capital which commences before the Amortization Date and would otherwise end on a date occurring after the Amortization Date, such Rate Tranche Period shall end on the Amortization Date. The duration of each Rate Tranche Period which commences after the Amortization Date shall be of such duration as selected by the applicable Financial Institution.

“Ratings Request” has the meaning as specified in Section 10.2(c).

“Receivable” means at any time, each and every Originated Receivable that has been identified for sale to Seller in any Sale Assignment (as defined in the Receivables Sale Agreement), including all schedules thereto, delivered pursuant to Section 1.1(a)(ii) of the Receivables Sale Agreement.

“Receivables Sale Agreement” means that certain Receivables Sale Agreement, dated as of May 10, 2002, by and among the Originators and Seller, as amended, restated, supplemented or otherwise modified from time to time.

“Records” means, with respect to any Receivable, all Contracts and other documents, books, records and other information (including, without limitation, computer programs, tapes, disks, punch cards, data processing software and related property and rights) relating to such Receivable, any Related Security therefor and the related Obligor.

“Reduction Notice” has the meaning set forth in Section 1.3.

“Regulatory Change” shall mean (i) the adoption after the date hereof of any applicable law, rule or regulation (including any applicable law, rule or regulation regarding capital adequacy) or any change therein after the date hereof, (ii) any change after the date hereof in the interpretation or administration thereof by any governmental authority, central bank or comparable agency charged with the interpretation or administration thereof, or compliance with any request or directive (whether or not having the force of law) of any such authority, central bank or comparable agency, or (iii) the compliance, whether commenced prior to or after the date hereof, by any Funding Source or Purchaser with the final rule titled Risk-Based Capital Guidelines; Capital Adequacy Guidelines; Capital Maintenance: Regulatory Capital; Impact of Modifications to Generally Accepted Accounting Principles; Consolidation of Asset-Backed Commercial Paper Programs; and Other Related Issues, adopted by the United States bank regulatory agencies on December 15, 2009, or any rules or regulations promulgated in connection therewith by any such agency.

“Related Equipment” means with respect to any Receivable, the goods sold or licensed to or financed for the Obligor which sale, licensing or financing gave rise to such Receivable and all financing statements or other filings with respect thereto.

“Related Financial Institution” means with respect to each Conduit, each Financial Institution set forth opposite such Conduit’s name on Schedule A to this Agreement and/or, in the case of an assignment pursuant to Section 12.1, set forth in the applicable Assignment Agreement.

“Related Security” means, with respect to any Receivable:

- (i) all of Seller’s interest in the Related Equipment or other inventory and goods (including returned or repossessed inventory or goods), if any, the sale, licensing or financing of which by the applicable Originator gave rise to such Receivable, and all insurance contracts with respect thereto,
- (ii) all other security interests or liens and property subject thereto from time to time, if any, purporting to secure payment of such Receivable, whether pursuant to the Contract related to such Receivable or otherwise, together with all financing statements and security agreements describing any collateral securing such Receivable,
- (iii) all guaranties, letters of credit, insurance, “supporting obligations” (within the meaning of Section 9-102(a) of the UCC of all applicable jurisdictions) and other agreements or arrangements of whatever character from time to

time supporting or securing payment of such Receivable whether pursuant to the Contract related to such Receivable or otherwise,

(iv) all service contracts and other contracts and agreements associated with such Receivable,

(v) all Records related to such Receivable,

(vi) all of Seller's right, title and interest in, to and under the Receivables Sale Agreement and the Performance Undertaking,

(vii) all of Seller's right, title and interest in and to each Lock-Box, P.O. Box and Collection Account, and any and all agreements related thereto,

(viii) all of Seller's right, title and interest in, to and under the Hedging Agreements,

(ix) all Collections in respect thereof, and

(x) all proceeds of such Receivable and any of the foregoing.

"Relevant Governmental Body" means the Federal Reserve Board and/or the Federal Reserve Bank of New York, or a committee officially endorsed or convened by the Federal Reserve Board and/or the Federal Reserve Bank of New York or any successor thereto.

"Repossessed" means that, with respect to any Related Equipment, the applicable Originator or its agent has obtained possession, control and dominion of such Related Equipment from the related Obligor.

"Required Monthly Payments" means, as of any Settlement Date, an amount equal to (i) if such date is before the Amortization Date, the amount owing on such Settlement Date under clauses first and second of Section 2.2(c) and (ii) if such date is on and after the Amortization Date, the Aggregate Unpaid at such time.

"Required Notice Period" means the number of days required notice set forth below applicable to the Aggregate Reduction indicated below:

<u>Aggregate Reduction</u>	<u>Required Notice Period</u>
≤\$100,000,000	two Business Days
>\$100,000,000 to \$250,000,000	five Business Days
≥\$250,000,000	ten Business Days

"Required Purchasers" means, at any time, collectively, the Financial Institutions with Commitments in excess of 75% of the aggregate Commitments and the Conduits with Conduit Purchase Limits in excess of 75% of the aggregate amount of all Conduit Purchase Limits of all Conduits hereunder.

“Required Ratings” has the meaning as specified in Section 10.2(c).

“Reserve Account” means the account numbered 0080158343 maintained by Seller in the name of “PDC Funding Company, LLC” at the Reserve Account Bank, together with any successor account or sub-account.

“Reserve Account Agreement” means the certain Deposit Account Control Agreement, dated on or about the Amendment Date, among Seller, Agent and Reserve Account Bank, or any similar or analogous agreement among an Seller, Agent and Reserve Account Bank, in each case as such document may be amended, restated, supplemented or otherwise modified from time to time.

“Reserve Account Bank” means MUFG Union Bank, N.A.

“Reserve Account Deficiency” means, at any time of determination, the excess, if any, of: (a) the Reserve Account Required Amount, *over* (b) the amount then on deposit in the Reserve Account.

“Reserve Account Draw Amount” means, with respect to any Settlement Date, the excess, if any, of (a) the Required Monthly Payments for the related Settlement Date, *over* (b) the Applicable Collection Amount for such Settlement Date.

“Reserve Account Required Amount” means \$3,855,291.96.

“Restricted Junior Payment” means (i) any dividend or other distribution, direct or indirect, on account of any shares of any class of membership units of Seller now or hereafter outstanding, except a dividend payable solely in shares of that class of membership units or in any junior class of membership units of Seller, (ii) any redemption, retirement, sinking fund or similar payment, purchase or other acquisition for value, direct or indirect, of any shares of any class of membership units of Seller now or hereafter outstanding, (iii) any payment or prepayment of principal of, premium, if any, or interest, fees or other charges on or with respect to, and any redemption, purchase, retirement, defeasance, sinking fund or similar payment and any claim for rescission with respect to the Subordinated Loans (as defined in the Receivables Sale Agreement), (iv) any payment made to redeem, purchase, repurchase or retire, or to obtain the surrender of, any outstanding warrants, options or other rights to acquire shares of any class of membership units of Seller now or hereafter outstanding, and (v) any payment of management fees by Seller (except for reasonable management fees to the Originators or their Affiliates in reimbursement of actual management services performed).

“RPA Deferred Purchase Price” has the meaning set forth in Section 1.6.

“Sanctioned Country” means, at any time, a country or territory which is the subject or target of any Sanctions, including, without limitation, Cuba, Crimea (Ukraine), Iran, Sudan, Syria and North Korea.

“Sanctioned Person” means, at any time, (a) any Person currently the subject or the target of any Sanctions, including any Person listed in any Sanctions-related list of designated Persons maintained by the Office of Foreign Assets Control of the U.S. Department of the Treasury (“OFAC”) (or any successor thereto) or the U.S. Department of State, available at: <http://www.treasury.gov/resource-center/sanctions/SDN-List/Pages/default.aspx>, or as otherwise published from time to time; (b) that is fifty-percent or more owned, directly or indirectly, in the aggregate by one or more Persons described in clause (a) above; (c) that is operating, organized or resident in a Sanctioned Country; (d) with whom engaging in trade, business or other activities is otherwise prohibited or restricted by Sanctions; or (e) (i) an agency of the government of a Sanctioned Country, (ii) an organization controlled by a Sanctioned Country, or (iii) a person resident in a Sanctioned Country, to the extent subject to a sanctions program administered by OFAC.

“Sanctions” means the laws, rules, regulations and executive orders promulgated or administered to implement economic or financial sanctions or trade embargoes imposed, administered or enforced from time to time (a) by the US government, including those administered by OFAC, the US State Department, the US Department of Commerce or the US Department of the Treasury, (b) by the United Nations Security Council, the European Union or Her Majesty’s Treasury of the United Kingdom or (c) by other relevant sanctions authorities to the extent compliance with the sanctions imposed by such other authorities would not entail a violation of applicable law.

“S&P” means Standard & Poor’s Ratings Services, a division of The McGraw-Hill Companies, Inc.

“Second-Tier Account” means the account numbered 4910006458 maintained by Seller in the name of “PDC Funding Company, LLC” at MUFG Union Bank, N.A., together with any successor account or sub-account.

“Seller” has the meaning set forth in the preamble to this Agreement.

“Seller Parties” has the meaning set forth in the preamble to this Agreement.

“Seller Party” has the meaning set forth in the preamble to this Agreement.

“Servicer” means at any time the Person (which may be Agent) then authorized pursuant to Article VIII to service, administer and collect Receivables.

“Servicing Fee” has the meaning set forth in Section 8.6.

“Settlement Date” means (A) the 19th day of each calendar month, and (B) the last day of the relevant Rate Tranche Period in respect of each portion of Capital of any Financial Institution; or, in each case, if such day is not a Business Day, then the first Business Day thereafter.

“Settlement Period” means (i) in respect of the Capital of any Conduit, each Accrual Period and (ii) in respect of each portion of Capital of any Financial Institution, the entire Rate Tranche Period of such portion of Capital.

“Skip Receivable” has the meaning set forth in the definition of “Discounted Receivable”.

“SOFR” with respect to any day means the secured overnight financing rate published for such day by the Federal Reserve Bank of New York, as the administrator of the benchmark, (or a successor administrator) on the Federal Reserve Bank of New York’s Website.

“Special Market Receivables” means any Receivable that both (i) the Obligor of which is a Group Practice Obligor and (ii) was originated by the “Special Markets” division (or any other division that is the successor thereof) of PDSI.

“Specified Annual Vintage Pool” means the Annual Vintage Pool with respect to the current Fiscal Year and each other Fiscal Year commencing with 2003.

“Subsidiary” of a Person means (i) any corporation more than 50% of the outstanding securities having ordinary voting power of which shall at the time be owned or controlled, directly or indirectly, by such Person or by one or more of its Subsidiaries or by such Person and one or more of its Subsidiaries, or (ii) any partnership, association, limited liability company, joint venture or similar business organization more than 50% of the ownership interests having ordinary voting power of which shall at the time be so owned or controlled. Unless otherwise expressly provided, all references herein to a “Subsidiary” shall mean a Subsidiary of Seller.

“Temporary Credit Enhancement Period” means the period commencing on May 31, 2020 and ending on the Temporary Credit Enhancement Period End Date.

“Temporary Credit Enhancement Period End Date” means the earlier of (a) the Liquidity Termination Date and (b) the date, if any, specified in a written notice delivered by Seller to Agent and each Purchaser Agent (such date, the **“Proposed End Date”**), so long as each of the following conditions have been satisfied as of the Proposed End Date: (i) Seller has provided Agent and each Purchaser Agent a pro-forma Monthly Report which calculates the Credit Enhancement assuming that the Temporary Credit Enhancement Period has ended, (ii) the Net Portfolio Balance as of the Proposed End Date is not less than the sum of (A) the Aggregate Capital at such time, plus (B) the Credit Enhancement at such time and (iii) Agent and each Purchaser Agent have consented in writing to the Proposed End Date (such consent not to be unreasonably withheld).

“Term SOFR” means the forward-looking term rate based on SOFR that has been selected or recommended by the Relevant Governmental Body.

“Terminating Commitment Amount” means, with respect to any Terminating Financial Institution, an amount equal to the Commitment (without giving effect to clause (iii) of the

proviso to the penultimate sentence of Section 4.6(b) of such Terminating Financial Institution, minus an amount equal to 2% of such Commitment.

“Terminating Commitment Availability” means, with respect to any Terminating Financial Institution, the positive difference (if any) between (a) an amount equal to the Commitment (without giving effect to clause (iii) of the proviso to the penultimate sentence of Section 4.6(b) of such Terminating Financial Institution, minus an amount equal to 2% of such Commitment, minus (b) the Capital funded by such Terminating Financial Institution.

“Terminating Financial Institution” has the meaning set forth in Section 4.6(b).

“Terminating Rate Tranche” has the meaning set forth in Section 4.3(b).

“Termination Date” has the meaning set forth in Section 2.2(d).

“Termination Percentage” has the meaning set forth in Section 2.2(d).

“Transaction Documents” means, collectively, this Agreement, the Prior Agreement, each Purchase Notice, the Receivables Sale Agreement, the Performance Undertaking, the Intercreditor Agreement, each Collection Account Agreement, the Reserve Account Agreement, the Hedging Agreements, each Fee Letter, the Subordinated Note (as defined in the Receivables Sale Agreement), the Closing Date Assignment Agreement and all other instruments, documents and agreements executed and delivered in connection herewith or in connection with the Prior Agreement, in each case, as amended, restated, supplemented or otherwise modified from time to time.

“UCC” means the Uniform Commercial Code as from time to time in effect in the specified jurisdiction.

“Unadjusted Benchmark Replacement” means the Benchmark Replacement excluding the Benchmark Replacement Adjustment.

“US Bank” means U.S. Bank National Association, a national banking association, together with its successors and assigns.

“US Bank Contract Purchase Agreement” means that certain Contract Purchase Agreement, dated as of April 27, 2007, by and among PDC Funding Company II, LLC, certain financial institutions party thereto and US Bank, as agent, as amended, restated, supplemented or otherwise modified from time to time.

“US Bank Receivable” means each receivable identified on a schedule to the US Bank Contract Purchase Agreement (or in any other writing delivered pursuant thereto) as a receivable to be sold thereunder and identified at least by the obligor thereof and the outstanding principal amount thereof.

“Veterinary Receivable” means a Receivable arising from the sale or financing by Webster of veterinary equipment.

“**Webster**” means Webster Veterinary Supply, Inc., a Minnesota corporation, together with its successors and assigns.

“**Weekly Report**” means a report, in substantially the form of Exhibit X hereto (appropriately completed), furnished by Servicer to Agent and each Purchaser Agent pursuant to Section 8.5.

“**Weighted Average Remaining Months Without Repayment**” means, on any date of determination, the number of months following such date of determination equal to:

(a) the sum, with respect to each Extended Discounted Receivable of the product of (i) the number of months remaining under the related Contract for each Extended Discounted Receivable for which the related Obligor is not required to make an installment payment for such month, times (ii) the Outstanding Balance of such Extended Discounted Receivable;

divided by:

(b) the aggregate Outstanding Balance at such time of all Extended Discounted Receivable.

“**Weighted Average Remaining Months Without Repayment Spike**” means, on any date of determination, the highest Weighted Average Remaining Months Without Repayment observed over the twelve (12) immediately preceding Fiscal Months.

All accounting terms defined directly or by incorporation in this Agreement or the Receivables Sale Agreement shall have the defined meanings when used in any certificate or other document delivered pursuant thereto unless otherwise defined therein. For purposes of this Agreement, the Receivables Sale Agreement and all such certificates and other documents, unless the context otherwise requires: (a) accounting terms not specifically defined herein shall be construed in accordance with GAAP; (b) all terms used in Article 9 of the UCC in the State of Illinois, and not specifically defined herein, are used herein as defined in such Article 9; (c) references to any amount as on deposit or outstanding on any particular date means such amount at the close of business on such day; (d) the words “hereof,” “herein” and “hereunder” and words of similar import refer to such agreement (or the certificate or other document in which they are used) as a whole and not to any particular provision of such agreement (or such certificate or document); (e) references to any Section are references to such Section in such agreement (or the certificate or other document in which the reference is made), and references to any paragraph, subsection, clause or other subdivision within any Section or definition refer to such paragraph, subsection, clause or other subdivision of such Section or definition; (f) the term “including” means “including without limitation”; (g) references to any law, rule, regulation, or directive of any governmental or regulatory authority refer to such law, rule, regulation, or directive, as amended from time to time and include any successor law, rule, regulation, or directive; (h) references to any agreement refer to that agreement as from time to time amended or supplemented or as the terms of such agreement are waived or modified in accordance with its terms; (i) references to any Person include that Person’s successors and assigns; (j) headings are for purposes of reference only and shall not otherwise affect the meaning or interpretation of any

provision hereof; (k) unless otherwise provided, in the calculation of time from a specified date to a later specified date, the term “from” means “from and including”, and the terms “to” and “until” each means “to but excluding”; (l) terms in one gender include the parallel terms in the neuter and opposite gender; and (m) the term “or” is not exclusive.

Exh. I-34

12660813v3

AMENDED AND RESTATED
CONTRACT PURCHASE AGREEMENT

dated as of August 12, 2011

among

PDC FUNDING COMPANY II, LLC, as Seller,

PATTERSON COMPANIES, INC., as Servicer,

THE PURCHASERS PARTY HERETO,

and

FIFTH THIRD BANK, NATIONAL ASSOCIATION,

as Agent

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AMENDED AND RESTATED
CONTRACT PURCHASE AGREEMENT

This Amended and Restated Contract Purchase Agreement, dated as of August 12, 2011, is by and among PDC Funding Company II, LLC, a Minnesota limited liability company (the “*Seller*”), Patterson Companies, Inc., a Minnesota corporation (together with its successors and assigns “*PDCo*”), as initial Servicer (Servicer together with Seller, the “*Seller Parties*” and each a “*Seller Party*”), the entities listed on Schedule A to this Agreement under the heading “*Purchaser*” (together with any of their respective successors and assigns hereunder, the “*Purchasers*”) and Fifth Third Bank, National Association (“*FTB*”), as assignee of U.S. Bank National Association, as agent for the Purchasers hereunder (together with its successors and assigns hereunder, the “*Agent*”). Unless defined elsewhere herein, capitalized terms used in this Agreement shall have the meanings assigned to such terms in Exhibit I.

PRELIMINARY STATEMENTS

The Seller Parties, U.S. Bank National Association and certain other financial institutions are parties to that certain Contract Purchase Agreement, dated as of April 27, 2007 (as amended supplemented, or otherwise modified through the date hereof excluding this Agreement, the “*Prior Agreement*”).

The parties to the Prior Agreement are entering into the Closing Date Assignment Agreement as of the date hereof and, in connection therewith, the parties hereto now desire to amend and restate the Prior Agreement in its entirety to read as set forth herein. All obligations of the Seller Parties under the Prior Agreement are not extinguished based on the amendment and restatement of the Prior Agreement and remain outstanding under the terms hereof.

FTB has been requested and is willing to act as Agent on behalf of the Purchasers in accordance with the terms hereof.

AGREEMENT

Now therefore, in consideration of the foregoing and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto hereby agree that, subject to satisfaction of the conditions precedent set forth in Section 6.1, the Prior Agreement is hereby amended and restated in its entirety to read as follows:

ARTICLE I

PURCHASE ARRANGEMENTS

Section 1.1 Purchase Facility.

(a) Upon the terms and subject to the conditions hereof, during the period from the date hereof to but not including the Facility Termination Date, Seller shall sell and assign, as described in Section 1.2(b), the Asset Portfolio to Agent for the benefit of the

Purchasers, as applicable. In accordance with the terms and conditions set forth herein, Agent shall make cash payments to Seller of the related Cash Purchase Price in respect of the Asset Portfolio (each such cash payment, a “**Purchase**”), on behalf of each Purchaser and from time to time in an aggregate amount not to exceed at such time (i) in the case of each Purchaser, its Commitment and (ii) in the aggregate, the lesser of (A) the Purchase Limit and (B) the aggregate amount of the Commitments. Any amount not paid for the Asset Portfolio hereunder as Cash Purchase Price shall be paid to Seller as the RPA Deferred Purchase Price pursuant to, and only to the extent required by, the priority of payments set forth in Sections 2.2(b) and (c) and otherwise pursuant to the terms of this Agreement (including Section 2.6).

(b) Seller may, upon at least 10 Business Days’ prior notice to Agent and each Purchaser, terminate in whole or reduce in part, ratably among the Purchasers, the unused portion of the Purchase Limit; provided that (i) each partial reduction of the Purchase Limit shall be in an amount equal to \$5,000,000 or an integral multiple thereof and (ii) the aggregate of the Commitments for all of the Purchasers shall also be terminated in whole or reduced in part, ratably among the Purchasers, by an amount equal to such termination or reduction in the Purchase Limit.

Section 1.2 Increases; Sale of Asset Portfolio.

(a) Increases. Seller shall provide Agent and each Purchaser with at least two Business Days’ prior notice in a form set forth as Exhibit II hereto of each Purchase (a “**Purchase Notice**”). Seller shall send such Purchase Notice by telecopier or email specifying (i) the date of such Purchase which, in the case of any Purchase (after the initial Purchase and Deemed Exchange hereunder), must be at least one Business Day after such notice is received by the applicable Purchaser, (ii) each Purchaser’s Pro Rata Share of the aggregate Cash Purchase Price in respect of such Receivables, Related Security and Collections and (iii) the requested Discount Rate and the requested Rate Tranche Period. Each Purchase Notice shall be subject to Section 6.2 hereof and, except as set forth below, shall be irrevocable, shall specify a Cash Purchase Price that is not less than \$5,000,000 and in additional increments of \$100,000 and, in the case of a Purchase, the requested Discount Rate and Rate Tranche Period and shall be accompanied by a current listing of all Receivables (including any Receivables to be purchased by Seller under the Receivables Sale Agreement on the date of such Purchase specified in such Purchase Notice). On the date of each Purchase, upon satisfaction of the applicable conditions precedent set forth in Article VI and the conditions set forth in this Section 1.2(a), the Purchasers shall deposit to the Facility Account, in immediately available funds, no later than 1:00 p.m. (Eastern Standard time), an amount equal to such Purchaser’s Pro Rata Share of the aggregate Cash Purchase Price of the Receivables, Related Security and Collections. Each Purchaser’s obligation shall be several, such that the failure of any Purchaser to make available to Seller any funds in connection with any Purchase shall not relieve any other Purchaser of its obligation, if any, hereunder to make funds available on the date of such Purchase, but no Purchaser shall be responsible for the failure of any other Purchaser to make funds available in connection with any Purchase.

(b) Sale of Asset Portfolio. In accordance with Sections 1.1(a) and 1.2(a), Seller hereby sells, assigns and transfers to Agent (on behalf of Purchasers), for the related Cash Purchase Price and the RPA Deferred Purchase Price, effective on and as of the date of each Purchase by any Purchaser hereunder, all of its right, title and interest in, to and under all Receivables and the Related Security and Collections relating to such Receivables (other than Seller's title in and to the Second-Tier Account and the Facility Account, each of which shall remain with Seller), whether currently existing or thereafter acquired (the assets sold, assigned and transferred to include not only the Receivables, Collections and Related Security (other than Seller's title in and to the Second-Tier Account and the Facility Account) existing as of the date of such Purchase but also all future Receivables and such Related Security and Collections acquired by Seller from time to time as provided herein). Purchaser's right, title and interest in and to such assets is herein called the "**Asset Portfolio**".

Section 1.3 Decreases. Seller shall provide Agent and each Purchaser with an irrevocable prior written notice (a "**Reduction Notice**") two Business Days prior to any proposed reduction of the Aggregate Capital from Collections. Such Reduction Notice shall designate (i) the date (the "**Proposed Reduction Date**") upon which any such reduction of the Aggregate Capital shall occur and (ii) the amount of the Aggregate Capital to be reduced that shall be applied ratably to the aggregate Capital of the Purchasers in accordance with the amount of Capital (if any) owing to the Purchasers (ratably to each Purchaser, based on the ratio of such Purchaser's Capital at such time to the aggregate Capital of all of the Purchasers at such time) (the "**Aggregate Reduction**"), without regard to any unpaid RPA Deferred Purchase Price. Only one (1) Reduction Notice shall be outstanding at any time. Concurrently with any reduction of the Aggregate Capital pursuant to this Section, Seller shall pay to the applicable Purchaser all Broken Funding Costs arising as a result of such reduction. No Aggregate Reduction will be made following the occurrence of the Amortization Date without the prior written consent of Agent.

Section 1.4 Payment Requirements. All amounts to be paid or deposited by any Seller Party pursuant to any provision of this Agreement or any other Transaction Document shall be paid or deposited in accordance with the terms hereof no later than 12:00 noon (Eastern Standard time) on the day when due in immediately available funds, and if not received before 12:00 noon (Eastern Standard time) shall be deemed to be received on the next succeeding Business Day. If such amounts are payable to (i) Agent, they shall be paid to Agent for its own account, in accordance with the applicable instructions set forth on Schedule C and (ii) any Purchaser, they shall be paid to such Purchaser, in accordance with the applicable instructions set forth on Schedule C, in each case until otherwise notified by Agent or the Purchaser, as applicable (each instruction set forth in clauses (i) and (ii) being a "**Payment Instruction**"). Upon notice to Seller, Agent (on behalf of itself and/or any Purchaser) may debit the Facility Account for all amounts due and payable hereunder. All computations of Purchaser Yield, per annum fees hereunder and per annum fees under any Fee Letter shall be made on the basis of a year of 360 days for the actual number of days elapsed. If any amount hereunder or under any other Transaction Document shall be payable on a day which is not a Business Day, such amount shall be payable on the next succeeding Business Day.

Section 1.5 Deemed Exchange. Notwithstanding the otherwise applicable conditions precedent to payments in respect of the Asset Portfolio hereunder, upon the effectiveness of this Agreement in accordance with its terms and the effectiveness of the Closing Date Assignment Agreement in accordance with its terms, each Purchaser shall be deemed to have delivered and released its undivided interests in the “Buyer Interests” under (and as defined in) the Prior Agreement as of the date hereof in a contemporaneous exchange for the acquisition of the Asset Portfolio hereunder in an amount equal to the outstanding principal amount of all outstanding “Buyer Investments” (as defined in the Prior Agreement) advanced in respect of the initial purchase or any subsequent purchase under the Prior Agreement. Such deemed exchange under the Prior Agreement and the initial Purchase hereunder (the “**Deemed Exchange**”) shall constitute a replacement of all outstanding principal amounts of the “Buyer Investments” made under the Prior Agreement by way of such initial Purchase hereunder.

Section 1.6 RPA Deferred Purchase Price. Subject to the application of Collections as RPA Deferred Purchase Price as permitted on each Settlement Date pursuant to Sections 2.2(b), 2.2(c) and 2.6, on each Business Day on and after the Final Payout Date, Servicer, on behalf of Agent and the Purchasers, shall pay to Seller an amount as deferred purchase price (the “**RPA Deferred Purchase Price**”) equal to the Collections of Receivables then held or thereafter received by Seller (or Servicer on its behalf) less any accrued and unpaid Servicing Fee.

ARTICLE II

PAYMENTS AND COLLECTIONS

Section 2.1 Payments. Notwithstanding any limitation on recourse contained in this Agreement, Seller shall immediately pay to Agent when due, for the account of Agent, or the relevant Purchaser or Purchasers, on a full recourse basis: (a) all amounts accrued or payable by Seller to any such Person as described in Section 2.2 and (b) each of the following amounts, to the extent that such amounts are not paid in accordance with Section 2.2: (i) such fees as set forth in each Fee Letter (which fees collectively shall be sufficient to pay all fees owing to the Purchasers), (ii) all amounts payable as Purchaser Yield, (iii) all amounts payable as Deemed Collections (which shall be immediately due and payable by Seller and applied to reduce the outstanding Aggregate Capital hereunder in accordance with Sections 2.2 and 2.3 hereof), (iv) all amounts required pursuant to Section 2.5, (v) all amounts payable pursuant to Article X, if any, (vi) all Servicer costs and expenses, including the Servicing Fee, in connection with servicing, administering and collecting the Receivables, (vii) all Broken Funding Costs, (viii) all Hedging Obligations, (ix) all amounts required pursuant to Section 2.6 to ensure that the Net Portfolio Balance shall at no time be less than the sum of (i) the Aggregate Capital at such time, plus (ii) the Credit Enhancement and (x) all Default Fees (the fees, amounts and other obligations described in clauses (a) and (b) collectively, the “**Obligations**”). If any Person fails to pay any of the Obligations when due, such Person agrees to pay, on demand, the Default Fee in respect thereof until paid. Notwithstanding the foregoing, no provision of this Agreement or any Fee Letter shall require the payment or permit the collection of any amounts hereunder in excess of the maximum permitted by applicable law. If at any time Seller receives any Collections or is

deemed to receive any Collections, Seller shall immediately pay such Collections or Deemed Collections to Servicer for payment in accordance with the terms and conditions hereof and, at all times prior to such payment, such Collections or Deemed Collections shall be held in trust by Seller for the exclusive benefit of the Purchasers and Agent.

Section 2.2 Collections Prior to Amortization.

(a) Collections Generally. On any day prior to the Amortization Date that Servicer receives any Collections and/or Deemed Collections, such Collections and/or Deemed Collections shall be set aside and held in trust by Servicer for the benefit of Agent and the Purchasers in the Collection Accounts in the manner set forth in Sections 7.1(j) and 8.2. Prior to the Amortization Date, all such amounts shall be applied as set forth in this Section 2.2. Servicer shall, on each Settlement Date, determine the amount of Collections set aside in accordance with the first sentence of this Section 2.2 during the related Settlement Period which constitute Principal Collections and the portion of such Collections which constitute Finance Charge Collections. On each Settlement Date, Servicer shall remit the Principal Collections set aside pursuant to this subsection (a) to the Second-Tier Account (to the extent such Principal Collections are not already on deposit therein) to be distributed in accordance with subsection (b) below and Servicer shall remit the Finance Charge Collections set aside pursuant to this subsection (a) to the Second-Tier Account (to the extent such Finance Charge Collections are not already on deposit therein) to be distributed in accordance with subsection (c) below.

(b) Application of Principal Collections. On each Settlement Date, Servicer will apply the Principal Collections on deposit in the Second-Tier Account in accordance with the applicable Payment Instructions pursuant to Section 2.2(a) to make the following distributions in the following amounts and order of priority:

first, to each Terminating Purchaser, an amount equal to such Terminating Purchaser's Termination Percentage of such Principal Collections for the ratable reduction of the Capital of each such Terminating Purchaser,

second, subject to Section 2.6, if any Purchase Notice shall have been delivered in accordance with Section 1.2(a), to Seller to fund the Cash Purchase Price of the Purchase to be made on such date; otherwise, to Agent for the account of the Purchasers (other than any Terminating Purchaser) as a further reduction of the Aggregate Capital, and

third, subject to Section 2.6, to the extent of any such amounts remaining after such payments, to be applied as if they were Finance Charge Collections in accordance with the priority of payments set forth in subsection (c) below.

(c) Application of Finance Charge Collections. On each Settlement Date, Servicer will apply (i) the Finance Charge Collections on deposit in the Second-Tier Account and (ii) all remaining Principal Collections after making the distributions pursuant to clauses first and second of subsection (b) above, pursuant to Section 2.2(a), together with the applicable Hedge Floating Amount, if any, paid to Seller by each Hedge Provider and any net income from

Permitted Investments deposited to the Second-Tier Account pursuant to Section 2.8, in accordance with the applicable Payment Instructions, to make the following distributions in the following amounts and order of priority:

first, to the reimbursement of Agent's and each Purchaser's costs of collection and enforcement of this Agreement,

second, to Agent for the account of the Purchasers, all accrued and unpaid fees under any Fee Letter and Purchaser Yield, including any accrued Purchaser Yield in respect of Capital reduced pursuant to clause second of subsection (b) above, together with any Broken Funding Costs,

third, if Servicer is not then Seller or an Affiliate of Seller, to Servicer in payment of the Servicing Fee,

fourth, to Agent as a reduction of Aggregate Capital an amount necessary to pay in full the Outstanding Balance of any Receivables that became Defaulted Receivables during the related Settlement Period and Receivables that became Defaulted Receivables during any prior Settlement Period that have not previously been the subject of payment hereunder and, solely during the Temporary Period, then first, to the Reserve Account, to the extent there is a Reserve Account Deficiency, until the amount on deposit therein equals the Reserve Account Required Amount, and second, to the ratable reduction of Aggregate Capital to zero,

fifth, if Seller or an Affiliate of Seller is then acting as Servicer, to Servicer in payment of the Servicing Fee,

sixth, to the applicable Persons, for the ratable payment in full of all other unpaid Obligations, and

seventh, the balance, if any, in the following priority: first, to Agent for deposit to the Second-Tier Account if the conditions of Section 7.3 requiring that the Hedging Agreements be in effect have occurred, but the Hedging Agreements are not then in effect (such amount to be set aside and held in trust for application in accordance with this Section 2.2(c) on the next occurring Settlement Date) and then second, subject to Section 2.6, to Seller as RPA Deferred Purchase Price.

(d) Each Terminating Purchaser shall be allocated a ratable portion of Collections from the Purchase Termination Date that such Terminating Purchaser did not consent to extend (as to such Terminating Purchaser, the "***Termination Date***"), until, with respect to a Terminating Purchaser, such Terminating Purchaser's Capital, if any, shall be paid in full and the applicable, ratable portion of the RPA Deferred Purchase Price allocable to such Terminating Purchaser's portion of the Asset Portfolio has been paid in full in accordance with the priority of payments set forth in Section 2.2(b). This ratable portion shall be calculated on the Termination Date of each Terminating Purchaser as a percentage equal to (i) Capital of such Terminating Purchaser outstanding on its Termination Date, divided by (ii) the Aggregate Capital outstanding

on such Termination Date (the “**Termination Percentage**”). Each Terminating Purchaser’s Termination Percentage shall remain constant prior to the Amortization Date. On and after the Amortization Date, each Termination Percentage shall be disregarded, and each Terminating Purchaser’s Capital shall be reduced ratably with all Purchasers in accordance with Section 2.3.

Section 2.3 Collections Following Amortization. On the Amortization Date and on each day thereafter, Servicer shall set aside and hold in trust for the benefit of Agent and the Purchasers, in the Collection Accounts in the manner set forth in Sections 7.1(j) and 8.2, all Collections and/or Deemed Collections received on such day and any additional amount for the payment of any Aggregate Unpaid owed by Seller and not previously paid by Seller in accordance with Section 2.1. On and after the Amortization Date, Servicer shall, at any time upon the request from time to time by (or pursuant to standing instructions from) Agent (i) remit to the Second-Tier Account the amounts set aside pursuant to the preceding sentence (to the extent such amounts are not already on deposit therein) and (ii) apply such amounts at Agent’s direction to reduce the Aggregate Capital and any other Aggregate Unpaid (it being understood and agreed that, in any event, no portion of the RPA Deferred Purchase Price may be paid to Seller on a date on or after the Amortization Date and prior to the Final Payout Date). If there shall be insufficient funds on deposit for Servicer to distribute funds in payment in full of the aforementioned amounts, Servicer shall distribute funds in accordance with the applicable Payment Instructions:

first, to the reimbursement of Agent’s and each Purchaser’s costs of collection and enforcement of this Agreement,

second, ratably to the payment of all accrued and unpaid fees under any Fee Letter and all accrued and unpaid Purchaser Yield,

third, to the payment of Servicer’s reasonable out-of-pocket costs and expenses in connection with servicing, administering and collecting the Receivables, including the Servicing Fee, if Seller, or one of its Affiliates is not then acting as Servicer,

fourth, to the ratable reduction of Aggregate Capital to zero,

fifth, for the ratable payment of all other unpaid Obligations, provided that to the extent such Obligations relate to the payment of Servicer costs and expenses, including the Servicing Fee, when Seller or one of its Affiliates is acting as Servicer, such costs and expenses will not be paid until after the payment in full of all other Obligations,

sixth, to the ratable payment in full of all other Aggregate Unpaid, and

seventh, after the Facility Termination Date when the Aggregate Unpaid have been indefeasibly reduced to zero, to Seller as RPA Deferred Purchase Price, any remaining Collections.

Section 2.4 Ratable Payments. Collections applied to the payment of Aggregate Unpaid shall be distributed in accordance with the aforementioned provisions, and, giving effect to each of the priorities set forth in Sections 2.2 and 2.3 above, shall be shared ratably (within each priority) among Agent and the Purchasers in accordance with the amount of such Aggregate Unpaid owing to each of them in respect of each such priority.

Section 2.5 Payment Rescission. No payment of any of the Aggregate Unpaid shall be considered paid or applied hereunder to the extent that, at any time, all or any portion of such payment or application is rescinded by application of law or judicial authority, or must otherwise be returned or refunded for any reason. Seller shall remain obligated for the amount of any payment or application so rescinded, returned or refunded, and shall promptly pay to Agent (for application to the Person or Persons who suffered such rescission, return or refund), the full amount thereof, plus the Default Fee from the date of any such rescission, return or refunding, in each case, if such rescinded amounts have not been paid under Section 2.2.

Section 2.6 Maximum Purchases In Respect of the Asset Portfolio. Notwithstanding anything to the contrary in this Agreement, Seller shall ensure that the Net Portfolio Balance shall at no time be less than the sum of (i) the Aggregate Capital at such time, plus (ii) the Credit Enhancement at such time. If, on any date of determination, the sum of (i) the Aggregate Capital, plus (ii) the Credit Enhancement exceeds the Net Portfolio Balance, in each case at such time, Seller shall pay to the Purchasers within one (1) Business Day an amount to be applied to reduce the Aggregate Capital (allocated ratably based on the ratio of each Purchaser's Capital at such time to the Aggregate Capital at such time), such that after giving effect to such payment, the Net Portfolio Balance equals or exceeds the sum of (i) the Aggregate Capital, plus (ii) the Credit Enhancement, in each case at such time; provided however, that if on any Settlement Date, the Net Portfolio Balance is less than the sum of (i) the Aggregate Capital, plus (ii) the Credit Enhancement, in each case at such time, the payment in full of the amount required by the previous sentence shall be made prior to any distributions are made pursuant to Section 2.2(b).

Section 2.7 Clean-Up Call; Limitation on Payments.

(a) Clean Up Call. In addition to Seller's rights pursuant to Section 1.3, Seller shall have the right (after providing at least 2 Business Days' written notice to Agent and each Purchaser), at any time following the reduction of the Aggregate Capital to a level that is less than 10.0% of the Purchase Limit as of the date hereof, to repurchase from the Purchasers all, but not less than all, of the Asset Portfolio at such time. The purchase price in respect thereof shall be an amount equal to the Aggregate Unpaid through the date of such repurchase, payable in immediately available funds. Such repurchase shall be without representation, warranty or recourse of any kind by, on the part of, or against any Purchaser or Agent. If, at any time, Servicer is not Seller or an Affiliate of Seller, Seller may waive its repurchase rights under this Section 2.7(a) by providing a written notice of such waiver to Agent and each Purchaser.

(b) Purchasers' and Agent's Limitation on Payments. Notwithstanding any provision contained in this Agreement or any other Transaction Document to the contrary, none of the Purchasers or Agent shall, and none of them shall be obligated (whether on behalf of a

Purchaser or otherwise) to, pay any amount to Seller in respect of any portion of the RPA Deferred Purchase Price, except to the extent that Collections are available for distribution to Seller in accordance with this Agreement. Any amount which Agent or a Purchaser is not obligated to pay pursuant to the operation of the preceding sentence shall not constitute a claim (as defined in § 101 of the Federal Bankruptcy Code) against, or corporate obligation of, any Purchaser or Agent, as applicable, for any such insufficiency unless and until such amount becomes available for distribution to Seller pursuant to the terms hereof.

Section 2.8 Investment of Collections in Second-Tier Account. All amounts from time to time held in, deposited in or credited to, the Second-Tier Account shall be invested by Servicer (as agent for Agent) in Permitted Investments selected in writing by Servicer. All such investments shall at all times be held by or on behalf of Agent for the benefit of the Purchasers and the Hedge Providers, provided, that neither Agent, any Purchaser nor the Hedge Providers shall be held liable in any way by reason of any loss arising from the investment of amounts on deposit in the Second-Tier Account in Permitted Investments. All income or other gain from investment of monies deposited in or credited to the Second-Tier Account shall be deposited in or credited to the Second-Tier Account immediately upon receipt, and any loss resulting from such investment shall be charged thereto. Any net income from such investments shall be transferred to the Second-Tier Account on a monthly basis on the Business Day preceding each Settlement Date to be applied in accordance with Section 2.2. Except as permitted in writing by Agent, funds on deposit in the Second-Tier Account shall be invested in Permitted Investments that will mature no later than the Business Day immediately preceding the next Settlement Date. No Permitted Investment shall be sold or otherwise disposed of prior to its scheduled maturity date unless a default occurs with respect to such Permitted Investment and Agent directs Servicer in writing to dispose of such Permitted Investment.

Section 2.9 Reserve Account.

(a) On or prior to the commencement of the Temporary Period, (i) the Agent shall establish the Reserve Account and (ii) the Seller shall deposit, or cause to be deposited, into the Reserve Account funds in an amount equal to the Reserve Account Required Amount.

(b) Any and all funds or other property at any time on deposit in, or otherwise to the credit of, the Reserve Account shall be held in trust by the Reserve Account Bank for the ratable benefit of the Purchasers. Funds held in the Reserve Account shall not be invested. The only permitted withdrawals from or application of funds on deposit in, or otherwise to the credit of, the Reserve Account shall be made pursuant to this Agreement. The Seller's interest and rights in the Reserve Account are limited to those provided for in this Agreement. Except as set forth herein, the Seller shall not have the ability to direct or apply funds on deposit in the Reserve Account.

(c) If at any time the Applicable Collection Amount with respect to any Settlement Date is less than the Required Monthly Payments for such Settlement Date, in each case, as reported in the Monthly Report delivered by the Servicer in accordance with this Agreement, then the Agent shall withdraw from the Reserve Account funds in an amount equal

to the applicable Reserve Account Draw Amount (to the extent of the funds available therein) for distribution in accordance with the priority of payments set forth in Sections 2.2(c) and 2.3, as applicable. On the Settlement Date on which the Temporary Period ends, the Agent shall withdraw from the Reserve Account funds in an amount equal to all amounts then on deposit in the Reserve Account and deposit such funds into the Collection Account for distribution in accordance with the priority of payments set forth in Sections 2.2(c) and 2.3, as applicable.

(d) The Seller shall be responsible for all costs and expenses of maintaining the Reserve Account, including all service fees and other charges directly related to the administration of the Reserve Account and for returned checks and other items of payment.

ARTICLE III

[INTENTIONALLY OMITTED.]

ARTICLE IV

PURCHASER FUNDING

Section 4.1 Purchaser Funding. The aggregate Capital associated with the Purchases by the Purchasers shall accrue Purchaser Yield for each day during its Rate Tranche Period at either the LIBO Rate or the Alternate Base Rate in accordance with the terms and conditions hereof. Until Seller gives notice to Agent and the applicable Purchaser of another Discount Rate in accordance with Section 4.4, the initial Discount Rate for any portion of the Asset Portfolio transferred to the Purchasers pursuant to the terms and conditions hereof shall be the Alternate Base Rate.

Section 4.2 Purchaser Yield Payments. On the Settlement Date for each Rate Tranche Period with respect to the aggregate Capital of the Purchasers, Seller shall pay to Agent (for the benefit of the Purchasers) an aggregate amount equal to all accrued and unpaid Purchaser Yield for the entire Rate Tranche Period with respect to such Capital in accordance with Article II. On the third Business Day immediately preceding the Settlement Date for such Capital of each of the Purchasers, each Purchaser shall calculate the aggregate amount of accrued and unpaid Purchaser Yield for the entire Rate Tranche Period for such Capital of such Purchaser and shall notify Seller of such aggregate amount.

Section 4.3 Selection and Continuation of Rate Tranche Periods.

(a) With consultation from (and approval by) Agent and the applicable Purchaser, Seller shall from time to time, for purposes of computing the Purchaser Yield with respect to such Purchaser, request Rate Tranche Periods to account for the portion of the Asset Portfolio funded or maintained by such Purchaser, provided that, if at any time any of the Purchasers shall have any Capital outstanding, Seller shall always request Rate Tranche Periods such that at least one Rate Tranche Period shall end on the 19th day of each calendar month.

(b) Seller or the applicable Purchaser, upon notice to and consent by the other received at least three (3) Business Days prior to the end of a Rate Tranche Period (a “***Terminating Rate Tranche***”) for any portion of the Asset Portfolio funded or maintained by such Purchaser, may, effective on the last day of the Terminating Rate Tranche: (i) divide any such Purchaser’s Capital into multiple portions by subdividing such Capital into smaller amounts of Capital, (ii) combine any such portion of such Purchaser’s Capital with one or more other portions of such Purchaser’s Capital that have a Terminating Rate Tranche ending on the same day as such Terminating Rate Tranche by combining the associated Capital of such Purchaser or (iii) combine any such Purchaser’s existing Capital with additional Capital being paid to Seller as Cash Purchase Price in respect of a new Purchase made on the day such Terminating Rate Tranche ends by combining the associated Capital in respect of such new Purchase with the existing Capital of such Purchaser, provided, that in no event may the Capital of any Purchaser be combined with the Capital of any other Purchaser.

Section 4.4 Purchaser Discount Rates. Seller may select the LIBO Rate or the Alternate Base Rate for each portion of the Capital of any of the Purchasers. Seller shall by 12:00 noon (Eastern Standard time): (i) at least three (3) Business Days prior to the expiration of any Terminating Rate Tranche with respect to which the LIBO Rate is being requested as a new Discount Rate and (ii) at least one (1) Business Day prior to the expiration of any Terminating Rate Tranche with respect to which the Alternate Base Rate is being requested as a new Discount Rate, give each Purchaser irrevocable notice of the new Discount Rate for the Capital or portion thereof associated with such Terminating Rate Tranche. Until Seller gives notice to the applicable Purchaser of another Discount Rate, the initial Discount Rate for any Capital of any Purchaser pursuant to the terms and conditions hereof (or assigned or transferred to, or funded by any other Person) shall be the Alternate Base Rate. Notwithstanding anything to the contrary herein, no Purchaser shall fund any portion of Capital with respect to a given Purchase Notice by reference to an index rate that is different than the index rate for such portion of Capital funded by any other Purchaser without the prior written consent of Agent (it being understood, that so long as each Purchaser funds its ratable share of each Rate Tranche being requested at such time, the Seller may request more than one Discount Rate in connection with each funding).

Section 4.5 Suspension of the LIBO Rate. If any Purchaser notifies Agent that it has determined that funding its Pro Rata Share of the Aggregate Capital in respect of the Purchaser at the LIBO Rate would violate any applicable law, rule, regulation, or directive of any governmental or regulatory authority, whether or not having the force of law, or that (i) deposits of a type and maturity appropriate to match fund its Capital at the LIBO Rate are not available or (ii) the LIBO Rate does not accurately reflect the cost of acquiring or maintaining any portion of the Asset Portfolio or Capital at the LIBO Rate, then Agent or such Purchaser, as applicable, shall suspend the availability of the LIBO Rate for such Purchaser and require Seller to select the Alternate Base Rate for any Capital funded by such Purchasers accruing Purchaser Yield at the LIBO Rate.

Section 4.6 Extension of Purchase Termination Date.

(a) Seller may request one or more extensions of the Purchase Termination Date then in effect by giving written notice of such request to Agent and each Purchaser (each such notice, an “**Extension Notice**”) at least 60 days prior to the Purchase Termination Date then in effect. Each Purchaser may, in its sole discretion, by a revocable notice (a “**Consent Notice**”) given to Agent and Seller on or prior to the 30th day prior to the Purchase Termination Date then in effect (such period from the date of the Extension Notice to such 30th day being referred to herein as the “**Consent Period**”), consent to such extension of such Purchase Termination Date; provided, however, that, except as provided in Section 4.6(b), such extension shall not be effective with respect to any of the Purchasers if any one or more Purchasers: (i) notifies Agent and Seller during the Consent Period that such Purchaser either does not wish to consent to such extension or wishes to revoke its prior Consent Notice or (ii) fails to respond to Agent and Seller (each Purchaser that does not wish to consent to such extension or wishes to revoke its prior Consent Notice or fails to respond to Agent and Seller within the Consent Period is herein referred to as a “**Non-Renewing Purchaser**”). If none of the events described in the foregoing clauses (i) or (ii) occurs during the Consent Period and all Consent Notices have been received, then, the Purchase Termination Date shall be irrevocably extended until the date that is mutually agreed to by the parties hereto.

(b) Upon receipt of notice from Agent, or, if applicable, a Purchaser, pursuant to Section 4.6(a) of any Non-Renewing Purchaser or that the Purchase Termination Date has not been extended, one or more of the Purchasers (including any Non-Renewing Purchaser) may proffer to Agent, the names of one or more institutions meeting the criteria set forth in Section 12.1(b)(i) that are willing to accept assignments of and assume the rights and obligations under this Agreement and the other applicable Transaction Documents of the Non-Renewing Purchaser. Provided the proffered name(s) are acceptable to Agent, Agent shall notify each Purchaser of such fact, and the then existing Purchase Termination Date shall be extended for an additional term to be mutually agreed to by the parties hereto upon satisfaction of the conditions for an assignment in accordance with Section 12.1, and the Commitment of each Non-Renewing Purchaser shall be reduced to zero. If the rights and obligations under this Agreement and the other applicable Transaction Documents of each Non-Renewing Purchaser are not assigned as contemplated by this Section 4.6(b) (each such Non-Renewing Purchaser whose rights and obligations under this Agreement and the other applicable Transaction Documents are not so assigned is herein referred to as a “**Terminating Purchaser**”) and at least one Purchaser is not a Non-Renewing Purchaser, the then existing Purchase Termination Date shall be extended for an additional term to be mutually agreed to by the parties hereto; provided, however, that (i) the Purchase Limit shall be reduced on the Termination Date applicable to each Terminating Purchaser by an aggregate amount equal to the Terminating Commitment Availability as of such date of each Terminating Purchaser and shall thereafter continue to be reduced by amounts equal to any reduction in the Capital of any Terminating Purchaser (after application of Collections pursuant to Sections 2.2 and 2.3), and (ii) the Commitment of each Terminating Purchaser shall be reduced to zero on the Termination Date applicable to such Terminating Purchaser. Upon reduction to zero of the Capital of a Terminating Purchaser (after application of Collections thereto pursuant to Section 2.2 and 2.3), all rights and obligations of such Terminating Purchaser hereunder shall be terminated and such Terminating Purchaser shall no longer be a “Purchaser”;

provided, however, that the provisions of Article X shall continue in effect for its benefit with respect to the Capital held by such Terminating Purchaser prior to its termination as a Purchaser.

(c) Any requested extension of the Purchase Termination Date may be approved or disapproved by a Purchaser in its sole discretion. In the event that the Commitments are not extended in accordance with the provisions of this Section 4.6, the Commitment of each Purchaser shall be reduced to zero on the Purchase Termination Date. Upon reduction to zero of the Commitment of a Purchaser and upon reduction to zero of the Capital of such Purchaser, all rights and obligations of such Purchaser hereunder shall be terminated and such Purchaser shall no longer be a “Purchaser”; provided, however, that the provisions of Article X shall continue in effect for its benefit with respect to the Capital held by such Purchaser prior to its termination as a Purchaser.

Section 4.7 Inability to Determine LIBO Rate.

(a) (i) In the event, the Agent shall determine (which determination shall be deemed presumptively correct absent manifest error) that (a) the circumstances set forth in Section 4.5(ii) have arisen and such circumstances are unlikely to be temporary; (b) a public statement or publication of information (1) by or on behalf of the administrator of the LIBO Rate; or by the regulatory supervisor for the administrator of the LIBO Rate, the U.S. Federal Reserve System, an insolvency official with jurisdiction over the administrator for the LIBO Rate, a resolution authority with jurisdiction over the administrator for the LIBO Rate or a court or an entity with similar insolvency or resolution authority over the administrator for the LIBO Rate; in each case which states that such administrator has ceased or will cease to provide the LIBO Rate, permanently or indefinitely, provided that, at the time of the statement or publication, there is no successor administrator that will continue to provide the LIBO Rate, (2) by the administrator of the LIBO Rate that it has invoked or will invoke, permanently or indefinitely, its insufficient submissions policy, or (3) by the regulatory supervisor for the administrator of the LIBO Rate or any governmental authority having jurisdiction over the Agent announcing that the LIBO Rate is no longer representative or may no longer be used; (c) the LIBO Rate rate is not published by the administrator of the LIBO Rate for five (5) consecutive Business Days and such failure is not the result of a temporary moratorium, embargo or disruption declared by the administrator of the LIBO Rate or by the regulatory supervisor for the administrator of the LIBO Rate; or (d) a new index rate has become a widely-recognized replacement benchmark rate for the LIBO Rate in newly originated loans denominated in U.S. dollars in the U.S. market; then, the Agent may, in consultation with the Seller amend this Agreement as described below to replace the LIBO Rate with an alternative benchmark rate, and make other related amendments, in each case giving due consideration to any evolving or then existing convention for similar U.S. dollar denominated credit facilities, or any selection, endorsement or recommendation by a relevant governmental body with respect to such facilities (ii) the Agent shall provide notice to the Seller of an amendment of this Agreement to reflect the replacement index, adjusted margins and such other related amendments as may be appropriate, in the sole discretion of the Agent, for the implementation and administration of the replacement index-based rate. Notwithstanding anything to the contrary in this Agreement or the other Transaction Documents (including, without limitation, Section 14.1), such amendment shall

become effective without any further action or consent of any other party to this Agreement upon delivery of notice to the Seller; and (iii) for the avoidance of doubt, following the date when a determination is made pursuant to Section 4.7(a)(i) above and until a replacement index has been selected and implemented in accordance with the terms and conditions of Section 4.7(a)(ii) above, all Capital shall accrue interest at, and the Discount Rate shall be, the Alternate Base Rate.

(b) Notwithstanding anything to the contrary contained herein, if at any time the replacement index is less than zero, then at such times, such index shall be deemed to be zero for purposes of this Agreement.

ARTICLE V

REPRESENTATIONS AND WARRANTIES

Section 5.1 Representations and Warranties of the Seller Parties. Each Seller Party hereby represents and warrants to Agent and the Purchasers, as to itself, as of the date hereof and as of the date of each Purchase (other than with respect to the representations and warranties set forth in clause (x), which are only made as of the date hereof) that:

(a) Existence and Power. Such Seller Party is a corporation or limited liability company, as applicable, duly organized, validly existing and in good standing under the laws of its state of organization. Such Seller Party is duly qualified to do business and is in good standing as a foreign entity, and has and holds all power, corporate or otherwise, and all governmental licenses, authorizations, consents and approvals required to carry on its business in each jurisdiction in which its business is conducted, except where the failure to be so qualified or to have and hold such governmental licenses, authorization, consents and approvals could not reasonably be expected to have a Material Adverse Effect.

(b) Power and Authority; Due Authorization, Execution and Delivery. The execution and delivery by such Seller Party of this Agreement and each other Transaction Document to which it is a party, and the performance of its obligations hereunder and thereunder and, in the case of Seller, Seller's use of the proceeds of Purchases made hereunder, are within its powers and authority, corporate or otherwise, and have been duly authorized by all necessary action, corporate or otherwise, on its part. This Agreement and each other Transaction Document to which such Seller Party is a party has been duly executed and delivered by such Seller Party.

(c) No Conflict. The execution and delivery by such Seller Party of this Agreement and each other Transaction Document to which it is a party, and the performance of its obligations hereunder and thereunder do not contravene or violate (i) its certificate or articles of incorporation or organization, by-laws or limited liability company agreement (or equivalent governing documents), (ii) any law, rule or regulation applicable to it, (iii) any restrictions under any agreement, contract or instrument to which it is a party or by which it or any of its property is bound, or (iv) any order, writ, judgment, award, injunction or decree binding on or affecting it or its property, and do not result in the creation or imposition of any Adverse Claim on assets of

such Seller Party or its Subsidiaries (except as created hereunder); and no transaction contemplated hereby requires compliance with any bulk sales act or similar law.

(d) Governmental Authorization. Other than the filing of the financing statements required hereunder, no authorization or approval or other action by, and no notice to or filing with, any governmental authority or regulatory body is required for the due execution and delivery by such Seller Party of this Agreement and each other Transaction Document to which it is a party and the performance of its obligations hereunder and thereunder.

(e) Actions, Suits. There are no actions, suits or proceedings pending, or to the best of such Seller Party's knowledge, threatened, against or affecting such Seller Party, or any of its properties, in or before any court, arbitrator or other body, that could reasonably be expected to have a Material Adverse Effect. Such Seller Party is not in default with respect to any order of any court, arbitrator or governmental body.

(f) Binding Effect. This Agreement and each other Transaction Document to which such Seller Party is a party constitute the legal, valid and binding obligations of such Seller Party enforceable against such Seller Party in accordance with their respective terms, except as such enforcement may be limited by applicable bankruptcy, insolvency, reorganization or other similar laws relating to or limiting creditors' rights generally and by general principles of equity (regardless of whether enforcement is sought in a proceeding in equity or at law).

(g) Accuracy of Information. All information heretofore furnished by such Seller Party or any of its Affiliates to Agent or the Purchasers for purposes of or in connection with this Agreement, any of the other Transaction Documents or any transaction contemplated hereby or thereby is, and all such information hereafter furnished by such Seller Party or any of its Affiliates to Agent or the Purchasers will be, true and accurate in every material respect on the date such information is stated or certified and does not and will not contain any material misstatement of fact or omit to state a material fact or any fact necessary to make the statements contained therein not materially misleading.

(h) Use of Proceeds. No proceeds of any Purchase hereunder will be used (i) for a purpose that violates, or would be inconsistent with, Regulation T, U or X promulgated by the Board of Governors of the Federal Reserve System from time to time or (ii) to acquire any security in any transaction which is subject to Section 12, 13 or 14 of the Securities Exchange Act of 1934, as amended.

(i) Good Title. Immediately prior to each Purchase hereunder, Seller shall be the legal and beneficial owner of the Receivables and Related Security with respect thereto, free and clear of any Adverse Claim, except as created by the Transaction Documents. There have been duly filed all financing statements or other similar instruments or documents necessary under the UCC (or any comparable law) of all appropriate jurisdictions to perfect Seller's ownership interest in each Receivable, its Collections and the Related Security.

(j) Perfection. This Agreement, together with the filing of the financing statements contemplated hereby, is effective to, and shall, upon each Purchase hereunder,

transfer to Agent for the benefit of the Purchasers (and Agent for the benefit of the Purchasers shall acquire from Seller) a valid and perfected ownership of or first priority perfected security interest in each Receivable existing or hereafter arising and in the Related Security and Collections with respect thereto, free and clear of any Adverse Claim, except as created by the Transaction Documents. There have been duly filed all financing statements or other similar instruments or documents necessary under the UCC (or any comparable law) of all appropriate jurisdictions to perfect Agent's (on behalf of the Purchasers) ownership or security interest in the Receivables, the Related Security and the Collections.

(k) Jurisdiction of Organization; Places of Business and Locations of Records. The principal places of business, jurisdiction of organization and chief executive office of such Seller Party and the offices where it keeps all of its Records are located at the address(es) listed on Exhibit III or such other locations of which Agent has been notified in accordance with Section 7.2(a) in jurisdictions where all action required by Section 7.1(h) and/or Section 14.4(a) has been taken and completed. Such Seller party's organizational number assigned to it by its jurisdiction of organization and such Seller Party's Federal Employer Identification Number are correctly set forth on Exhibit III. Except as set forth on Exhibit III, such Seller Party has not, within a period of one year prior to the date hereof, (i) changed the location of its principal place of business or chief executive office or its organizational structure, (ii) changed its legal name, (iii) become a "new debtor" (as defined in Section 9-102(a)(56) of the UCC in effect in the State of Minnesota) or (iv) changed its jurisdiction of organization. Seller is a Minnesota limited liability company and is a "registered organization" (within the meaning of Section 9-102 of the UCC in effect in the State of Minnesota).

(l) Collections. The conditions and requirements set forth in Section 7.1(j) and Section 8.2 have at all times been satisfied and duly performed. The names and addresses of all Collection Banks, together with the account numbers of the Collection Accounts at each Collection Bank and the post office box number of each Lock-Box or P.O. Box, are listed on Exhibit IV or have been provided to Agent in a written notice that complies with Section 7.2(b). Seller has not granted, other than as contemplated by the Intercreditor Agreement, any Person, other than Agent as contemplated by this Agreement, dominion and control or "control" (within the meaning of Section 9-104 of the UCC of all applicable jurisdictions) of any Lock-Box, P.O. Box or Collection Account, or the right to take dominion and control or "control" (within the meaning of Section 9-104 of the UCC of all applicable jurisdictions) of any such Lock-Box, P.O. Box or Collection Account at a future time or upon the occurrence of a future event. Each Seller Party has taken all steps necessary to ensure that Agent has "control" (within the meaning of Section 9-104 of the UCC of all applicable jurisdictions) over all Collection Accounts. Such Seller Party has the ability to identify, within one Business Day of deposit, all amounts that are deposited to any First-Tier Account as constituting Collections or non-Collections. No funds other than Capital associated with Purchases hereunder and the proceeds of Receivables are deposited to the Second-Tier Account.

(m) Material Adverse Effect. (i) The initial Servicer represents and warrants that since April 27, 2007, no event has occurred that would have a material adverse effect on the financial condition or operations of the initial Servicer and its Subsidiaries or the ability of the

initial Servicer to perform its obligations under this Agreement, and (ii) Seller represents and warrants that since April 27, 2007, no event has occurred that would have a material adverse effect on (A) the financial condition or operations of Seller, (B) the ability of Seller to perform its obligations under the Transaction Documents, or (C) the collectibility of the Receivables generally or any material portion of the Receivables.

(n) Names. In the past five (5) years, Seller has not used any corporate or other names, trade names or assumed names other than the name in which it has executed this Agreement.

(o) Ownership of Seller. PDCo owns, directly or indirectly, 100% of the issued and outstanding membership units of Seller, free and clear of any Adverse Claim. Such membership units are validly issued, fully paid and nonassessable, and there are no options, warrants or other rights to acquire securities of Seller.

(p) Not an Investment Company. Such Seller Party is not and, after giving effect to the transactions contemplated hereby, will not be required to be registered as, an “investment company” within the meaning of the Investment Company Act of 1940, as amended (the “Investment Company Act”), or any successor statute. Seller is not a “covered fund” under Section 13 of the U.S. Bank Holding Company Act of 1956, as amended, and the applicable rules and regulations thereunder (the “Volcker Rule”). In determining that Seller is not a “covered fund” under the Volcker Rule, Seller is entitled to rely on the exemption from the definition of “investment company” set forth in Section 3(c)(5)(A) or (B) of the Investment Company Act and may also rely on other exemptions under the Investment Company Act.

(q) Compliance with Law. Such Seller Party has complied in all respects with all applicable laws, rules, regulations, orders, writs, judgments, injunctions, decrees or awards to which it may be subject, except where the failure to so comply could not reasonably be expected to have a Material Adverse Effect. Each Receivable, together with the Contract related thereto, does not contravene any laws, rules or regulations applicable thereto (including, without limitation, laws, rules and regulations relating to truth in lending, fair credit billing, fair credit reporting, equal credit opportunity, fair debt collection practices and privacy), and no part of such Contract is in violation of any such law, rule or regulation.

(r) Compliance with Credit and Collection Policy. Such Seller Party has complied in all material respects with the Credit and Collection Policy with regard to each Receivable and the related Contract, and has not made any material change to such Credit and Collection Policy, except such material change as to which Agent and each Purchaser have been notified in accordance with Section 7.1(a)(vii).

(s) Payments to Originators. With respect to each Receivable transferred to Seller under the Receivables Sale Agreement, Seller has given reasonably equivalent value to the applicable Originator in consideration therefor and such transfer was not made for or on account of an antecedent debt. No transfer by any Originator of any Receivable under the Receivables Sale Agreement is or may be voidable under any section of the Federal Bankruptcy Code.

(t) Enforceability of Contracts. Each Contract with respect to each Receivable is effective to create, and has created, a legal, valid and binding obligation of the related Obligor to pay the Outstanding Balance of the Receivable created thereunder and any accrued interest thereon, enforceable against the Obligor in accordance with its terms, except as such enforcement may be limited by applicable bankruptcy, insolvency, reorganization or other similar laws relating to or limiting creditors' rights generally and by general principles of equity (regardless of whether enforcement is sought in a proceeding in equity or at law).

(u) Eligible Receivables. Each Receivable included in the Net Portfolio Balance as an Eligible Receivable was an Eligible Receivable on the date of its purchase by Seller under the Receivables Sale Agreement.

(v) Net Portfolio Balance. Seller has determined that, immediately after giving effect to each Purchase hereunder (including the initial Purchase and the Deemed Exchange on the date hereof), the Net Portfolio Balance equals or exceeds the sum of (i) the Aggregate Capital, plus (ii) the Credit Enhancement, in each case, at such time.

(w) Accounting. The manner in which such Seller Party accounts for the transactions contemplated by this Agreement and the Receivables Sale Agreement does not jeopardize the true sale analysis.

(x) Prior Agreement. As of the date hereof, no Termination Event (as defined in the Prior Agreement) or Unmatured Termination Event (as defined in the Prior Agreement) has occurred and is continuing under the Prior Agreement and no default under any of the "Transaction Documents" (as defined in the Prior Agreement) has occurred and is continuing.

(y) Beneficial Ownership Regulation. As of the Twelfth Amendment Date, the Seller is an entity that is organized under the laws of the State of Minnesota and at least 51% of its common stock or analogous equity interests is owned directly or indirectly by a company whose common stock or analogous equity interests are listed on the NASDAQ Global Select Market (as successor to the NASDAQ National Market) and is excluded on that basis from the definition of "Legal Entity Customer" as defined in the Beneficial Ownership Regulation.

ARTICLE VI

CONDITIONS OF PURCHASES

Section 6.1 Conditions Precedent to Initial Purchase and Deemed Exchange. Each of the initial Purchase and the Deemed Exchange under this Agreement are subject to the conditions precedent that (a) Agent shall have received on or before the date of such Purchase those documents listed on Schedule B, (b) each Purchaser shall have received all fees and expenses required to be paid on or prior to such date pursuant to the terms of this Agreement and/or any Fee Letter, (c) Seller shall have marked its books and records with a legend satisfactory to Agent identifying Agent's interest therein, (d) Agent shall have completed to its satisfaction a due diligence review of each Originator's and Seller's billing, collection and

reporting systems and other items related to the Receivables and (e) each of the Purchasers shall have received the approval of its credit committee of the transactions contemplated hereby.

Section 6.2 Conditions Precedent to All Purchases. Each Purchase (including the initial Purchase and the Deemed Exchange) shall be subject to the further conditions precedent that in the case of each such Purchase: (a) Servicer shall have delivered to Agent and each Purchaser on or prior to the date of such Purchase, in form and substance satisfactory to Agent and each Purchaser all Monthly Reports as and when due under Section 8.5, and upon Agent's or any Purchaser's request, Servicer shall have delivered to Agent and each Purchaser at least three (3) days prior to such Purchase an interim Monthly Report showing the amount of Eligible Receivables; (b) the Facility Termination Date shall not have occurred; (c) Agent and each Purchaser shall have received a duly executed Purchase Notice and such other approvals, opinions or documents as Agent or any Purchaser may reasonably request, (d) if required to be in effect pursuant to Section 7.3, the Hedging Agreements shall be in full force and effect and (e) on the date of each such Purchase, the following statements shall be true (and acceptance of the proceeds of such Purchase shall be deemed a representation and warranty by Seller that such statements are then true):

(i) the representations and warranties set forth in Section 5.1 are true and correct on and as of the date of such Purchase as though made on and as of such date;

(ii) no event has occurred and is continuing, or would result from such Purchase, that will constitute an Amortization Event, and no event has occurred and is continuing, or would result from such Purchase, that would constitute a Potential Amortization Event;

(iii) the Aggregate Capital does not exceed the Purchase Limit and the Net Portfolio Balance equals or exceeds the sum of (i) the Aggregate Capital, plus (ii) the Credit Enhancement, in each case, both immediately before and after giving effect to such Purchase; and

(iv) the Temporary Period is not then continuing.

ARTICLE VII

COVENANTS

Section 7.1 Affirmative Covenants of The Seller Parties. Until the date on which the Aggregate Unpaid have been indefeasibly paid in full and this Agreement terminates in accordance with its terms, each Seller Party hereby covenants, as to itself, as set forth below:

(a) Financial Reporting. Such Seller Party will maintain, for itself and each of its Subsidiaries, a system of accounting established and administered in accordance with GAAP, and furnish or cause to be furnished to Agent and each Purchaser:

(i) Annual Reporting. Within 90 days after the close of each of its respective fiscal years, (x) audited, unqualified consolidated financial statements (which shall include balance sheets, statements of income and retained earnings and a statement of cash flows) for PDCo and its consolidated Subsidiaries for such fiscal year certified in a manner acceptable to Agent by independent public accountants acceptable to Agent and (y) unaudited balance sheets of Seller as at the close of such fiscal year and statements of income and retained earnings and a statement of cash flows for Seller for such fiscal year, all certified by its chief financial officer. Delivery within the time period specified above of PDCo's annual report on Form 10-K for such fiscal year (together with PDCo's annual report to shareholders, if any, prepared pursuant to Rule 14a-3 under the Securities Exchange Act of 1934, as amended) prepared in accordance with the requirements therefor and filed with the Securities and Exchange Commission shall be deemed to satisfy the requirements of clause (x) of this Section 7.1(a)(i), *provided* that the report of the independent public accountants contained therein is acceptable to Agent.

(ii) Quarterly Reporting. Within 45 days after the close of the first three (3) quarterly periods of each of its respective fiscal years, unaudited balance sheets of PDCo as at the close of each such period and statements of income and retained earnings and a statement of cash flows for PDCo for the period from the beginning of such fiscal year to the end of such quarter, all certified by its chief financial officer. Delivery within the time period specified above of copies of PDCo's quarterly report Form 10-Q for such fiscal quarter prepared in accordance with the requirements therefor and filed with the Securities and Exchange Commission shall be deemed to satisfy the foregoing requirements of this Section 7.1(a)(ii).

(iii) Compliance Certificate. Together with the financial statements required hereunder, a compliance certificate in substantially the form of Exhibit V signed by such Seller Party's Authorized Officer and dated the date of such annual financial statement or such quarterly financial statement, as the case may be.

(iv) Shareholders Statements and Reports. Promptly upon the furnishing thereof to the shareholders of such Seller Party copies of all financial statements, reports and proxy statements so furnished.

(v) S.E.C. Filings. Promptly upon the filing thereof, copies of all registration statements and annual, quarterly, monthly or other regular reports which PDCo, any Originator or any of their respective Subsidiaries files with the Securities and Exchange Commission.

(vi) Copies of Notices. Promptly upon its receipt of any notice, request for consent, financial statements, certification, report or other communication under or in connection with any Transaction Document from any Person other than Agent or any Purchaser (so long as each other Purchaser is copied on such communication), copies of the same.

(vii) Change in Credit and Collection Policy. At least thirty (30) days prior to the effectiveness of any material change in or material amendment to the Credit and Collection Policy, a copy of the Credit and Collection Policy then in effect and a notice (A) indicating such change or amendment, and (B) if such proposed change or amendment would be reasonably likely to adversely affect the collectibility of the Receivables or decrease the credit quality of any newly created Receivables, requesting Agent's and each Purchaser's consent thereto.

(viii) Sale Assignments. Promptly upon its receipt of any Sale Assignment under and as defined in the Receivables Sale Agreement, copies of the same.

(ix) Other Information. Promptly, from time to time, such other information, documents, records or reports relating to the Receivables or the condition or operations, financial or otherwise, of such Seller Party as Agent or any Purchaser may from time to time reasonably request in order to protect the interests of Agent and the Purchasers under or as contemplated by this Agreement.

(b) Notices. Such Seller Party will notify Agent and each Purchaser in writing of any of the following promptly upon learning of the occurrence thereof, describing the same and, if applicable, the steps being taken with respect thereto:

(i) Amortization Events or Potential Amortization Events. The occurrence of each Amortization Event and each Potential Amortization Event, by a statement of an Authorized Officer of such Seller Party.

(ii) Judgment and Proceedings. (1) The entry of any judgment or decree against Servicer or any of its respective Subsidiaries if the aggregate amount of all judgments and decrees then outstanding against Servicer and its Subsidiaries exceeds \$1,000,000 and (2) the institution of any litigation, arbitration proceeding or governmental proceeding against Servicer that could, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect; and (B) the entry of any judgment or decree or the institution of any litigation, arbitration proceeding or governmental proceeding against Seller.

(iii) Material Adverse Effect. The occurrence of any event or condition that has had, or could reasonably be expected to have, a Material Adverse Effect.

(iv) Termination Event. The occurrence of a "Termination Event" under and as defined in the Receivables Sale Agreement.

(v) Defaults Under Other Agreements. The occurrence of a default or an event of default under any other financing arrangement pursuant to which such Seller Party is a debtor or an obligor.

(vi) Downgrade of PDCo or any Originator. Any downgrade in the rating of any Indebtedness of PDCo or any Originator by S&P or Moody's, setting forth the Indebtedness affected and the nature of such change.

(vii) Appointment of Independent Governor. The decision to appoint a new governor of Seller as the "Independent Governor" for purposes of this Agreement, such notice to be issued not less than ten (10) days prior to the effective date of such appointment and to certify that the designated Person satisfies the criteria set forth in the definition herein of "Independent Governor."

(c) Compliance with Laws and Preservation of Existence. Such Seller Party will comply in all respects with all applicable laws, rules, regulations, orders, writs, judgments, injunctions, decrees or awards to which it may be subject, except where the failure to so comply could not reasonably be expected to have a Material Adverse Effect. Such Seller Party will preserve and maintain its legal existence, rights, franchises and privileges in the jurisdiction of its organization, and qualify and remain qualified in good standing as a foreign entity in each jurisdiction where its business is conducted, except where the failure to so preserve and maintain any such rights, franchises or privileges or to so qualify could not reasonably be expected to have a Material Adverse Effect.

(d) Audits. Such Seller Party will furnish to Agent and each Purchaser from time to time such information with respect to it and the Receivables as Agent or any Purchaser may reasonably request. Such Seller Party will, from time to time during regular business hours as requested by Agent or any Purchaser upon reasonable notice and at the sole cost of such Seller Party, permit Agent or any Purchaser or any of their respective agents or representatives, (i) to examine and make copies of and abstracts from all Records in the possession or under the control of such Person relating to the Receivables and the Related Security, including, without limitation, the related Contracts, and (ii) to visit the offices and properties of such Person for the purpose of examining such materials described in clause (i) above, and to discuss matters relating to such Person's financial condition or the Receivables and the Related Security or any Person's performance under any of the Transaction Documents or any Person's performance under the Contracts and, in each case, with any of the officers or employees of Seller or Servicer having knowledge of such matters. Without limiting the foregoing, such Seller Party will, annually and prior to any Purchaser renewing its Commitment hereunder, during regular business hours as requested by Agent or any Purchaser upon reasonable notice and at the sole cost of such Seller Party, permit Agent or any Purchaser or any of their respective agents or representatives, to conduct a follow-up audit.

(e) Keeping and Marking of Records and Books.

(i) Servicer will maintain and implement administrative and operating procedures (including, without limitation, an ability to recreate records evidencing Receivables in the event of the destruction of the originals thereof), and keep and maintain all documents, books, records and other information reasonably necessary or advisable for the collection of all Receivables (including, without limitation, records adequate to permit the immediate identification of each new Receivable and all

Collections of and adjustments to each existing Receivable). Servicer will give Agent notice of any material change in the administrative and operating procedures referred to in the previous sentence.

(ii) Such Seller Party (A) has on or prior to April 27, 2007, marked its master data processing records and other books and records relating to the Asset Portfolio with a legend, acceptable to Agent, describing the Asset Portfolio and (B) will, upon the request of Agent (x) mark each Contract with a legend describing the Asset Portfolio and (y) deliver to Agent all Contracts (including, without limitation, all multiple originals of any such Contract) relating to the Receivables.

(f) Compliance with Contracts and Credit and Collection Policy. Such Seller Party will timely and fully (i) perform and comply with all provisions, covenants and other promises required to be observed by it under the Contracts related to the Receivables, and (ii) comply in all respects with the Credit and Collection Policy in regard to each Receivable and the related Contract.

(g) Performance and Enforcement of Receivables Sale Agreement. Seller will, and will require each Originator to, perform each of their respective obligations and undertakings under and pursuant to the Receivables Sale Agreement, will purchase Receivables thereunder in strict compliance with the terms thereof and will vigorously enforce the rights and remedies accorded to Seller under the Receivables Sale Agreement. Seller will take all actions to perfect and enforce its rights and interests (and the rights and interests of Agent and the Purchasers as assignees of Seller) under the Receivables Sale Agreement as Agent may from time to time reasonably request, including, without limitation, making claims to which it may be entitled under any indemnity, reimbursement or similar provision contained in the Receivables Sale Agreement.

(h) Ownership. Seller will take all necessary action to (i) vest legal and equitable title to the Receivables, the Related Security and the Collections purchased under the Receivables Sale Agreement irrevocably in Seller, free and clear of any Adverse Claims other than Adverse Claims in favor of Agent and the Purchasers (including, without limitation, the filing of all financing statements or other similar instruments or documents necessary under the UCC (or any comparable law) of all appropriate jurisdictions to perfect Seller's interest in such Receivables, Related Security and Collections and such other action to perfect, protect or more fully evidence the interest of Seller therein as Agent may reasonably request), and (ii) establish and maintain, in favor of Agent, for the benefit of the Purchasers, a valid and perfected ownership interest (and/or a valid and perfected first priority security interest) in all Receivables, Related Security and Collections to the full extent contemplated herein, free and clear of any Adverse Claims other than Adverse Claims in favor of Agent for the benefit of the Purchasers (including, without limitation, the filing of all financing statements or other similar instruments or documents necessary under the UCC (or any comparable law) of all appropriate jurisdictions to perfect Agent's (for the benefit of the Purchasers) interest in such Receivables, Related Security and Collections and such other action to perfect, protect or more fully evidence the interest of Agent for the benefit of the Purchasers as Agent may reasonably request).

(i) Purchasers' Reliance. Seller acknowledges that the Purchasers are entering into the transactions contemplated by this Agreement in reliance upon Seller's identity as a legal entity that is separate from each Patterson Entity and their respective Affiliates. Therefore, from and after April 27, 2007, Seller will take all reasonable steps, including, without limitation, all steps that Agent or any Purchaser may from time to time reasonably request, to maintain Seller's identity as a separate legal entity and to make it manifest to third parties that Seller is an entity with assets and liabilities distinct from those of each Patterson Entity and any Affiliates thereof and not just a division of any Patterson Entity. Without limiting the generality of the foregoing and in addition to the other covenants set forth herein, Seller will:

(A) conduct its own business in its own name and require that all full-time employees of Seller, if any, identify themselves as such and not as employees of any Patterson Entity (including, without limitation, by means of providing appropriate employees with business or identification cards identifying such employees as Seller's employees);

(B) compensate all employees, consultants and agents directly, from Seller's own funds, for services provided to Seller by such employees, consultants and agents and, to the extent any employee, consultant or agent of Seller is also an employee, consultant or agent of any Patterson Entity or any Affiliate thereof, allocate the compensation of such employee, consultant or agent between Seller and such Patterson Entity or such Affiliate, as applicable on a basis that reflects the services rendered to Seller and such Patterson Entity or such Affiliate, as applicable;

(C) clearly identify its offices (by signage or otherwise) as its offices and, if such office is located in the offices of any Patterson Entity or an Affiliate thereof, Seller will lease such office at a fair market rent;

(D) have a separate telephone number, which will be answered only in its name and separate stationery, invoices and checks in its own name;

(E) conduct all transactions with each Patterson Entity and Servicer and their respective Affiliates strictly on an arm's-length basis, allocate all overhead expenses (including, without limitation, telephone and other utility charges) for items shared between Seller and any Patterson Entity or any Affiliate thereof on the basis of actual use to the extent practicable and, to the extent such allocation is not practicable, on a basis reasonably related to actual use;

(F) at all times have a Board of Governors consisting of three members, at least one member of which is an Independent Governor;

(G) observe all limited liability company formalities as a distinct entity, and ensure that all limited liability company actions relating to (1) the selection, maintenance or replacement of the Independent Governor, (2) the dissolution or liquidation of Seller or (3) the initiation of, participation in, acquiescence in or consent to any bankruptcy, insolvency, reorganization or similar proceeding involving Seller, are

duly authorized by unanimous vote of its Board of Governors (including the Independent Governor);

(H) maintain Seller's books and records separate from those of each Patterson Entity and any Affiliate thereof and otherwise readily identifiable as its own assets rather than assets of any Patterson Entity and any Affiliate thereof;

(I) prepare its financial statements separately from those of each Patterson Entity and insure that any consolidated financial statements of any Patterson Entity or any Affiliate thereof that include Seller, including any that are filed with the Securities and Exchange Commission or any other governmental agency have notes clearly stating that Seller is a separate legal entity and that its assets will be available first and foremost to satisfy the claims of the creditors of Seller;

(J) except as herein specifically otherwise provided, maintain the funds or other assets of Seller separate from, and not commingled with, those of any Patterson Entity or any Affiliate thereof and only maintain bank accounts or other depository accounts to which Seller alone (or Servicer in the performance of its duties hereunder) is the account party and from which Seller alone (or Servicer in the performance of its duties hereunder or Agent hereunder) has the power to make withdrawals;

(K) pay all of Seller's operating expenses from Seller's own assets (except for certain payments by any Patterson Entity or other Persons pursuant to allocation arrangements that comply with the requirements of this Section 7.1(i));

(L) operate its business and activities such that: it does not engage in any business or activity of any kind, or enter into any transaction or indenture, mortgage, instrument, agreement, contract, lease or other undertaking, other than the transactions contemplated and authorized by this Agreement and the Receivables Sale Agreement; and does not create, incur, guarantee, assume or suffer to exist any Indebtedness or other liabilities, whether direct or contingent, other than (1) as a result of the endorsement of negotiable instruments for deposit or collection or similar transactions in the ordinary course of business, (2) the incurrence of obligations under this Agreement, (3) the incurrence of obligations, as expressly contemplated in the Receivables Sale Agreement, to make payment to the Originators thereunder for the purchase of Receivables from the Originators under the Receivables Sale Agreement, and (4) the incurrence of operating expenses in the ordinary course of business of the type otherwise contemplated by this Agreement;

(M) maintain its articles of organization and bylaws in conformity with this Agreement, such that (1) it does not amend, restate, supplement or otherwise modify its articles of organization or bylaws in any respect that would impair its ability to comply with the terms or provisions of any of the Transaction Documents, including, without limitation, Section 7.1(i) of this Agreement; and (2) its articles of organization and bylaws, at all times that this Agreement is in effect, provides for not less than ten (10) days' prior written notice to Agent of the replacement or appointment of any governor

that is to serve as an Independent Governor for purposes of this Agreement and the condition precedent to giving effect to such replacement or appointment that Seller certify that the designated Person satisfied the criteria set forth in the definition herein of "Independent Governor" and Agent's written acknowledgement that in its reasonable judgment the designated Person satisfies the criteria set forth in the definition herein of "Independent Governor";

(N) maintain the effectiveness of, and continue to perform under the Receivables Sale Agreement, the Performance Undertaking and the other Transaction Documents, such that it does not amend, restate, supplement, cancel, terminate or otherwise modify the Receivables Sale Agreement, the Performance Undertaking or any other Transaction Document, or give any consent, waiver, directive or approval thereunder or waive any default, action, omission or breach under the Receivables Sale Agreement, the Performance Undertaking, or any other Transaction Document, or otherwise grant any indulgence thereunder, without (in each case) the prior written consent of Agent and the Required Purchasers;

(O) maintain its legal separateness such that it does not merge or consolidate with or into, or convey, transfer, lease or otherwise dispose of (whether in one transaction or in a series of transactions, and except as otherwise contemplated herein) all or substantially all of its assets (whether now owned or hereafter acquired) to, or acquire all or substantially all of the assets of, any Person, nor at any time create, have, acquire, maintain or hold any interest in any Subsidiary;

(P) maintain at all times the Required Capital Amount (as defined in the Receivables Sale Agreement) and refrain from making any dividend, distribution, redemption of membership units or payment of any subordinated Indebtedness or other liabilities which would cause the Required Capital Amount to cease to be so maintained; and

(Q) take such other actions as are necessary on its part to ensure that the facts and assumptions set forth in the opinion issued by Briggs and Morgan, Professional Association, as counsel for Seller, dated April 27, 2007 (as such opinion may be brought down or replaced from time to time), relating to substantive consolidation issues, and in the certificates accompanying such opinion, remain true and correct in all material respects at all times.

(j) Collections. Such Seller Party will cause (1) all items from all P.O. Boxes to be processed and deposited into a Collection Account within 1 Business Day after receipt in a P.O. Box, all ACH Receipts to be deposited immediately to a Collection Account and all proceeds from all Lock-Boxes to be directly deposited by a Collection Bank into a Collection Account, (2) all Collections deposited to any First-Tier Account to be electronically swept or otherwise transferred to the Second-Tier Account within 1 Business Day of being deposited to such First-Tier Account, and (3) each Lock-Box, P.O. Box and Collection Account to be subject at all times to a Collection Account Agreement that is in full force and effect. In the event any payments relating to Receivables are remitted directly to any Seller Party or any Affiliate of any

Seller Party, such Seller Party will remit (or will cause all such payments to be remitted) directly to a Collection Bank and deposited into a Collection Account within 1 Business Day following receipt thereof, and, at all times prior to such remittance, such Seller Party or Affiliate will itself hold or, if applicable, will cause such payments to be held in trust for the exclusive benefit of Agent and the Purchasers. Seller will maintain exclusive ownership, dominion and control (subject to the terms of this Agreement) of each Lock-Box, P.O. Box and Collection Account and shall not grant the right to take dominion and control or establish “control” (within the meaning of Section 9-104 of the UCC of all applicable jurisdictions) of any Lock-Box, P.O. Box or Collection Account at a future time or upon the occurrence of a future event to any Person, except to Agent as contemplated by this Agreement or as contemplated by the Intercreditor Agreement. With respect to each Collection Account, each Seller Party shall take all steps necessary to ensure that Agent has “control” (within the meaning of Section 9-104 of the UCC of all applicable jurisdictions) over each such Collection Account.

(k) Taxes. Such Seller Party will file all tax returns and reports required by law to be filed by it and will promptly pay all taxes and governmental charges at any time owing. Seller will pay when due any taxes payable in connection with the Receivables, exclusive of taxes on or measured by income or gross receipts of any Agent or any Purchaser.

(l) Insurance. Seller will maintain in effect, or cause to be maintained in effect, at Seller’s own expense, such casualty and liability insurance as Seller shall deem appropriate in its good faith business judgment. Agent, for the benefit of the Purchasers, shall be named as an additional insured with respect to all such liability insurance maintained by Seller. Seller will pay or cause to be paid, the premiums therefor and deliver to Agent evidence satisfactory to Agent of such insurance coverage. Copies of each policy shall be furnished to Agent and any Purchaser in certificated form upon Agent’s or such Purchaser’s request. The foregoing requirements shall not be construed to negate, reduce or modify, and are in addition to, Seller’s obligations hereunder.

(m) Payments to Originators. With respect to any Receivable purchased by Seller from any Originator, such sale shall be effected under, and in strict compliance with the terms of, the Receivables Sale Agreement, including, without limitation, the terms relating to the amount and timing of payments to be made to such Originator in respect of the purchase price for such Receivable.

(n) Certificate of Beneficial Ownership. Promptly following the occurrence of any change that would result in a change to the status as an excluded “Legal Entity Customer” under the Beneficial Ownership Regulation or upon the Agent’s request therefor notwithstanding the Seller’s status as an excluded “Legal Entity Customer”, the Seller shall execute and deliver to the Agent a Certificate of Beneficial Ownership.

Section 7.2 Negative Covenants of The Seller Parties. Until the date on which the Aggregate Unpaid have been indefeasibly paid in full and this Agreement terminates in accordance with its terms, each Seller Party hereby covenants, as to itself, that:

(a) Name Change, Offices and Records. Such Seller Party will not change its name, jurisdiction of organization, identity or organizational structure (within the meaning of Sections 9-503 and/or 9-507 of the UCC of all applicable jurisdictions) or relocate its chief executive office, principal place of business or any office where Records are kept unless it shall have: (i) given Agent and each Purchaser at least forty-five (45) days' prior written notice thereof and (ii) delivered to Agent all financing statements, instruments and other documents requested by Agent and each Purchaser in connection with such change or relocation.

(b) Change in Payment Instructions to Obligors. Except as may be required by Agent pursuant to Section 8.2(b), such Seller Party will not add or terminate any bank as a Collection Bank, or make any change in the instructions to Obligors regarding payments to be made to any Lock-Box, P.O. Box or Collection Account, unless Agent and each Purchaser shall have received, at least ten (10) days before the proposed effective date therefor, (i) written notice of such addition, termination or change and (ii) with respect to the addition of a Collection Bank or a Collection Account, P.O. Box or Lock-Box, an executed Collection Account Agreement with respect to the new Collection Account or Lock-Box or P.O. Box; provided, however, that Servicer may make changes in instructions to Obligors regarding payments if such new instructions require such Obligor to make payments to another existing Collection Account.

(c) Modifications to Contracts and Credit and Collection Policy. Such Seller Party will not make any change to the Credit and Collection Policy that could adversely affect the collectibility of the Receivables or decrease the credit quality of any newly created Receivables. Except as provided in Section 8.2(d), Servicer will not extend, amend or otherwise modify the terms of any Receivable or any Contract related thereto other than in accordance with the Credit and Collection Policy.

(d) Sales, Liens. Seller will not sell, assign (by operation of law or otherwise) or otherwise dispose of, or grant any option with respect to, or create or suffer to exist any Adverse Claim upon (including, without limitation, the filing of any financing statement) or with respect to, any Receivable, Related Security or Collections, or upon or with respect to any Contract under which any Receivable arises, or any Lock-Box, P.O. Box or Collection Account, or assign any right to receive income with respect thereto (other than, in each case, the creation of the interests therein in favor of Agent and the Purchasers provided for herein), and Seller will defend the right, title and interest of Agent and the Purchasers in, to and under any of the foregoing property, against all claims of third parties claiming through or under Seller or any Originator. Seller will not create or suffer to exist any mortgage, pledge, security interest, encumbrance, lien, charge or other similar arrangement on any of its inventory, the financing or lease of which gives rise to any Receivable.

(e) Net Portfolio Balance. At no time prior to the Amortization Date shall Seller permit the Net Portfolio Balance to be less than an amount equal to the sum of (i) the Aggregate Capital plus (ii) the Credit Enhancement, in each case, at such time.

(f) Termination Date Determination. Seller will not designate the Termination Date (as defined in the Receivables Sale Agreement), or send any written notice to any Originator in respect thereof, without the prior written consent of Agent and each Purchaser,

except with respect to the occurrence of such Termination Date arising pursuant to Section 5.1(d) of the Receivables Sale Agreement.

(g) Restricted Junior Payments. From and after the occurrence of any Amortization Event, Seller will not make any Restricted Junior Payment if, after giving effect thereto, Seller would fail to meet its obligations set forth in Section 7.2(e).

(h) Collections. No Seller Party will deposit or otherwise credit, or cause or permit to be so deposited or credited, to the Second-Tier Account cash or cash proceeds other than Collections. Except as may be required by Agent pursuant to the last sentence of Section 8.2(b), no Seller Party will deposit or otherwise credit, or cause or permit to be so deposited or credited, any Collections or proceeds thereof to any lock-box account or to any other account not covered by a Collection Account Agreement.

Section 7.3 Hedging Agreements.

(a) Entering into Hedging Agreements. At all times Seller shall be a party to a Hedging Agreement in accordance with the terms hereof.

(b) Notices. Each Seller Party will notify Agent in writing of any of the following promptly upon learning of the occurrence thereof, describing the same, and if applicable, the steps being taken with respect thereto:

(A) the occurrence of any default, event of default, early termination date, termination event or similar event under, or the termination of, any Hedging Agreement;

(B) the failure of any Hedging Agreement (or assignment thereof from Seller to Agent for the ratable benefit of the Purchasers) to be in full force and effect;

(C) any downgrade in, or withdrawal of, the unsecured, unguaranteed, long-term debt rating of any Hedge Provider by S&P or Moody's, setting forth the long-term debt rating effected and the nature of such change; and

(D) any failure of any Hedge Provider to be an Eligible Hedge Provider.

(c) Affirmative Covenants. So long as Seller is a party to any Hedging Agreement:

(A) Seller will timely and fully perform and comply with all provisions, covenants and other promises required to be observed by it under any Hedging Agreement and will vigorously enforce the rights and remedies accorded to Seller under any Hedging Agreement. Seller will take all actions to perfect and enforce its rights and interests (and the rights and interests of Agent and the Purchasers as assignees of Seller) under each Hedging Agreement as Agent may from time to time reasonably request, including, without limitation, making claims to which it may be entitled under any provision contained in any Hedging Agreement.

(B) Seller and Servicer will instruct all Hedge Providers to pay all Hedge Floating Amounts relating to any Hedging Agreement directly to Second-Tier Account. In the event any Hedge Floating Amounts relating to any Hedging Agreement are remitted directly to any Seller Party or any Affiliate of a Seller Party, such Seller Party will remit (or will cause all such payments to be remitted) directly to Second-Tier Account within one Business Day following receipt thereof, and, at all times prior to such remittance, such Seller Party or Affiliate will itself hold or, if applicable, will cause such payments to be held in trust for the exclusive benefit of Agent and the Purchasers.

(C) At any time that it enters into a Hedging Agreement, Seller will (A) execute and deliver to Agent, for the ratable benefit of the Purchasers, an assignment, in form and substance satisfactory to Agent, of all Hedge Floating Amounts payable to Seller under such Hedging Agreement and (B) cause the applicable Hedge Provider to consent and agree to such assignment, which consent and agreement shall be evidenced by a writing in form and substance satisfactory to Agent and shall effect any amendments to the applicable Hedging Agreement to allow such assignment.

(D) If a Hedge Provider Downgrade shall occur with respect to a Hedge Provider (other than FTB), within 10 days thereof, Seller shall cause such Hedge Provider to transfer its obligations under this Agreement and the applicable Hedging Agreement, at such Hedge Provider's cost and expense, to a bank or other financial institution acceptable to Agent, and consented to by Seller (such consent not to be unreasonably withheld) which possesses an unsecured, unguaranteed, long-term debt rating of A- or better by S&P and A3 or better by Moody's.

(d) Negative Covenants. So long as Seller is a party to any Hedging Agreement:

(A) No Seller Party will make any change in the instructions to any Hedge Provider regarding payments to be made to the Second-Tier Account (it being understood that on the date hereof Seller shall instruct each Hedge Provider to direct all Hedge Floating Amounts to the Second-Tier Account in accordance with Section 7.3(c)(B)).

(B) Seller will not designate an early termination date under any Hedging Agreement, or send any written notice to any Hedge Provider in respect thereof, or waive any provision of any Hedging Agreement, without, in each case, the prior written consent of Agent.

(C) Seller shall not supplement, amend, extend, replace, terminate, or otherwise modify any Hedging Agreement without, in each case, the prior written consent of Agent.

ARTICLE VIII

ADMINISTRATION AND COLLECTION

Section 8.1 Designation of Servicer.

(a) The servicing, administration and collection of the Receivables on behalf of Agent and the Purchasers shall be conducted by such Person (the “*Servicer*”) so designated from time to time in accordance with this Section 8.1. PDCo is hereby designated as, and hereby agrees to perform the duties and obligations of, Servicer for Agent and the Purchasers pursuant to the terms of this Agreement. Agent (on behalf of the Purchasers) may, and at the direction of the Required Purchasers shall, at any time following the occurrence of an Amortization Event designate as Servicer any Person to succeed PDCo or any successor Servicer.

(b) Without the prior written consent of Agent and the Required Purchasers, PDCo shall not be permitted to delegate any of its duties or responsibilities as Servicer to any Person other than (i) an Originator (with respect to Receivables originated by such Originator), (ii) Seller and (iii) with respect to certain Charged-Off Receivables, outside collection agencies and lawyers in accordance with its customary practices. None of Seller or any Originator shall be permitted to further delegate to any other Person any of the duties or responsibilities of Servicer delegated to it by PDCo. If at any time Agent shall designate as Servicer any Person other than PDCo, all duties and responsibilities theretofore delegated by PDCo to Seller and any Originator may, at the discretion of Agent, be terminated forthwith on notice given by Agent to PDCo and to Seller.

(c) Notwithstanding the foregoing subsection (b), (i) PDCo shall be and remain primarily liable to Agent and the Purchasers and the Hedge Providers for the full and prompt performance of all duties and responsibilities of Servicer hereunder and (ii) Agent, and the Purchasers shall be entitled to deal exclusively with PDCo in matters relating to the discharge by Servicer of its duties and responsibilities hereunder. Agent, and the Purchasers shall not be required to give notice, demand or other communication to any Person other than PDCo in order for communication to Servicer and its sub-servicer or other delegate with respect thereto to be accomplished. PDCo, at all times that it is Servicer, shall be responsible for providing any sub-servicer or other delegate of Servicer with any notice given to Servicer under this Agreement.

Section 8.2 Duties of Servicer.

(a) Servicer shall take or cause to be taken all such actions as may be necessary or advisable to collect each Receivable from time to time, all in accordance with applicable laws, rules and regulations, with reasonable care and diligence, and in accordance with the Credit and Collection Policy.

(b) Servicer will instruct all Obligor to pay all Collections either (i) directly to a Collection Account by means of an automatic electronic funds transfer, wire transfer or otherwise or (ii) directly to a Lock-Box or P.O. Box. Servicer shall cause any payments made by means of automatic electronic funds transfer to be deposited directly into a Collection Account from each Obligor’s relevant account. Servicer shall effect a Collection Account Agreement substantially in the form of Exhibit VI with each bank party to a Collection Account at any time. In the case of any remittances received in any Lock-Box, P.O. Box or Collection Account that shall have been identified, to the satisfaction of Servicer, to not constitute Collections or other

proceeds of the Receivables or the Related Security, Servicer shall promptly remit such items to the Person identified to it as being the owner of such remittances. From and after the date Agent delivers a Collection Notice to any Collection Bank or a Postal Notice to any post office pursuant to Section 8.3, Agent may request that Servicer, and Servicer thereupon promptly shall instruct all Obligors with respect to the Receivables, to remit all payments thereon to a new lock-box, post office box or depository account specified by Agent and, at all times thereafter, Seller and Servicer shall not deposit or otherwise credit, and shall not permit any other Person to deposit or otherwise credit to such new lock-box, post office box or depository account any cash or payment item other than Collections.

(c) Servicer shall administer the Collections in accordance with the procedures described herein and in Article II. Servicer shall set aside and hold in trust for the account of Seller (in respect of RPA Deferred Purchase Price, as applicable), the Purchasers and the Hedge Providers their respective shares of the Collections in accordance with Article II. Servicer shall, upon the request of Agent, segregate, in a manner acceptable to Agent, all cash, checks and other instruments received by it from time to time constituting Collections from the general funds of Servicer or Seller prior to the remittance thereof in accordance with Article II. If Servicer shall be required to segregate Collections pursuant to the preceding sentence, Servicer shall segregate and deposit with a bank designated by Agent such allocable share of Collections of Receivables set aside for the Purchasers on the first Business Day following receipt by Servicer of such Collections, duly endorsed or with duly executed instruments of transfer.

(d) Servicer may, in accordance with the Credit and Collection Policy, extend the maturity of any Receivable or adjust the Outstanding Balance of any Receivable as Servicer determines to be appropriate to maximize Collections thereof; provided, however, that such extension or adjustment shall not (x) alter the status of such Receivable as a Delinquent Receivable, Defaulted Receivable or Charged-Off Receivable and for purposes of determining if such Receivable is a Delinquent Receivable, Defaulted Receivable or Charged-Off Receivable, the original due date for such Receivable shall continue to apply or (y) limit the rights of Agent or the Purchasers under this Agreement; provided further, however, that solely with respect to any Eligible COVID-19 Modified Receivable, no installment payment that has been reduced to \$0 during the related 90-day deferral period in connection with the COVID-19 Deferred Payment program shall be considered delinquent for purposes of this Agreement. Notwithstanding anything to the contrary contained herein, Agent shall have the absolute and unlimited right to direct Servicer to commence or settle any legal action with respect to any Receivable or to foreclose upon or repossess any Related Security. Notwithstanding anything to the contrary contained herein, each of the Seller and the Servicer acknowledge and agree that it will not sell any Related Equipment for any Receivable that is Repossessed for less than the fair market value of such Related Equipment.

(e) Servicer shall hold in trust for Agent on behalf of the Purchasers all Records that (i) evidence or relate to the Receivables, the related Contracts and Related Security or (ii) are otherwise necessary or desirable to collect the Receivables and shall, as soon as practicable upon demand of Agent, deliver or make available to Agent all such Records, at a place selected by Agent. Servicer shall, as soon as practicable following receipt thereof turn over

to Seller any cash collections or other cash proceeds received with respect to Indebtedness not constituting Receivables. Servicer shall, from time to time at the request of any Purchaser, furnish to the Purchasers (promptly after any such request) a calculation of the amounts set aside for the Purchasers pursuant to Article II.

(f) Any payment by an Obligor in respect of any Indebtedness or other liability owed by it to the applicable Originator or Seller shall, except as otherwise specified by such Obligor or otherwise required by contract or law and unless otherwise instructed by Agent, be applied as a Collection of any Receivable of such Obligor (starting with the oldest such Receivable) to the extent of any amounts then due and payable thereunder before being applied to any other receivable or other obligation of such Obligor.

Section 8.3 Collection Notices. Agent (or its designee pursuant to the Intercreditor Agreement) is authorized at any time after the occurrence of an Amortization Event to date and to deliver to the Collection Banks the Collection Notices and to date and deliver the Postal Notices to the applicable post offices. Seller hereby transfers to Agent for the benefit of the Purchasers, effective when Agent delivers such notices, the dominion and control and “control” (within the meaning of Section 9-104 of the UCC of all applicable jurisdictions) of each Lock-Box, P. O. Box, each Collection Account and the amounts on deposit therein. In case any authorized signatory of Seller whose signature appears on a Collection Account Agreement shall cease to have such authority before the delivery of such notice, such Collection Notice or Postal Notice shall nevertheless be valid as if such authority had remained in force. Seller hereby authorizes Agent (or its designee pursuant to the Intercreditor Agreement), and agrees that Agent (or its designee pursuant to the Intercreditor Agreement) shall be entitled to (i) endorse Seller’s name on checks and other instruments representing Collections, (ii) enforce the Receivables, the related Contracts and the Related Security and (iii) take such action as shall be necessary or desirable to cause all cash, checks and other instruments constituting Collections of Receivables to come into the possession of Agent rather than Seller.

Section 8.4 Responsibilities of Seller. Anything herein to the contrary notwithstanding, the exercise by Agent and the Purchasers of their rights hereunder shall not release Servicer, any Originator or Seller from any of their duties or obligations with respect to any Receivables or under the related Contracts. The Purchasers shall have no obligation or liability with respect to any Receivables or related Contracts, nor shall any of them be obligated to perform the obligations of Seller.

Section 8.5 Reports. Servicer shall prepare and forward to Agent and each Purchaser (i) three Business Days prior to each Settlement Date and at such times as Agent or any Purchaser shall request, a Monthly Report and (ii) at such times as Agent or any Purchaser shall request, a listing by Obligor of all Receivables together with an aging of such Receivables. Unless otherwise requested by Agent or any Purchaser, all computations in such Monthly Report shall be made as of the close of business on the last day of the Accrual Period preceding the date on which such Monthly Report is delivered.

Section 8.6 Servicing Fees. In consideration of PDCo’s agreement to act as Servicer hereunder, the Purchasers hereby agree that, so long as PDCo shall continue to perform

as Servicer hereunder, PDCo shall be paid a fee (the “*Servicing Fee*”) in accordance with the priority of payments set forth in Sections 2.2(c) and 2.3, as applicable, on the 19th calendar day of each month (or, if such day is not a Business Day, then the next Business Day thereafter), in arrears for the immediately preceding Fiscal Month, equal to 1% per annum of the average Net Portfolio Balance during such period, as compensation for its servicing activities.

ARTICLE IX

AMORTIZATION EVENTS

Section 9.1 Amortization Events. The occurrence of any one or more of the following events shall constitute an “*Amortization Event*”:

(a) Any Seller Party shall fail (i) to make any payment or deposit required hereunder when due, or (ii) to perform or observe any term, covenant or agreement hereunder (other than as referred to in clause (i) of this paragraph (a) and Section 9.1(e)) or any other Transaction Document and such failure shall continue for seven (7) consecutive Business Days.

(b) Any representation, warranty, certification or statement made by any Seller Party in this Agreement, any other Transaction Document or in any other document delivered pursuant hereto or thereto shall prove to have been incorrect in any material respect when made or deemed made.

(c) Failure of Seller to pay any Indebtedness when due or the failure of any other Seller Party to pay Indebtedness when due in excess of \$1,000,000; or the default by any Seller Party in the performance of any term, provision or condition contained in any agreement under which any such Indebtedness was created or is governed, the effect of which is to cause, or to permit the holder or holders of such Indebtedness to cause, such Indebtedness to become due prior to its stated maturity; or any such Indebtedness of any Seller Party shall be declared to be due and payable or required to be prepaid (other than by a regularly scheduled payment) prior to the date of maturity thereof.

(d) (i) Any Seller Party, the Hedge Providers, the Performance Provider or any of their respective Subsidiaries shall generally not pay its debts as such debts become due or shall admit in writing its inability to pay its debts generally or shall make a general assignment for the benefit of creditors; or (ii) any proceeding shall be instituted by or against any Seller Party, the Hedge Providers, the Performance Provider or any of their respective Subsidiaries seeking to adjudicate it bankrupt or insolvent, or seeking liquidation, winding up, reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors, or seeking the entry of an order for relief or the appointment of a receiver, trustee or other similar official for it or any substantial part of its property, and solely in the case of Servicer and the Performance Provider and a proceeding instituted against (and not by) such Person, such proceeding is not dismissed within 60 days; or (iii) any Seller Party, the Hedge Providers, the Performance Provider or any of their respective Subsidiaries shall take any corporate or other action to authorize any of the actions set forth in clauses (i) or (ii) above in this subsection (d).

(e) Seller shall fail to comply with the terms of Section 2.6 or Section 7.3 hereof.

(f) As at the end of any Fiscal Month (*provided*, that during the Temporary Period, COVID-19 Modified Receivables shall be excluded from each component of the calculation of the Default Ratio and Delinquency Ratio):

(i) commencing on the third Fiscal Month after the Closing Date, the average of the Delinquency Ratio for such Fiscal Month and each of the two immediately preceding Fiscal Months shall exceed 7.00%, or

(ii) commencing on the third Fiscal Month after the Closing Date, the average of the Default Ratio for such Fiscal Month and each of the two immediately preceding Fiscal Months shall exceed 3.30%, or

(iii) commencing on the end of the first Fiscal Month after the Closing Date, Excess Spread is less than 0.75%.

(g) A Change of Control shall occur.

(h) A Hedge Provider Downgrade shall occur and a replacement Hedge Provider meeting the requirements of Section 7.3 fails to assume such then current Hedge Provider's obligations under this Agreement and the applicable Hedging Agreement as provided in Section 7.3 after such occurrence.

(i) (i) One or more final judgments for the payment of money shall be entered against Seller or (ii) one or more final judgments for the payment of money in an amount in excess of \$1,000,000, individually or in the aggregate, shall be entered against Servicer on claims not covered by insurance or as to which the insurance carrier has denied its responsibility, and such judgment shall continue unsatisfied and in effect for fifteen (15) consecutive days without a stay of execution.

(j) The "Termination Date" under and as defined in the Receivables Sale Agreement shall occur under the Receivables Sale Agreement or any Originator shall for any reason cease to transfer, or cease to have the legal capacity to transfer, or otherwise be incapable of transferring Receivables to Seller under the Receivables Sale Agreement; or Seller shall for any reason cease to purchase, or cease to have the legal capacity to purchase, or otherwise be incapable of accepting Receivables from any Originator under the Receivables Sale Agreement.

(k) This Agreement shall terminate in whole or in part (except in accordance with its terms), or shall cease to be effective or to be the legally valid, binding and enforceable obligation of Seller, or any Obligor shall directly or indirectly contest in any manner such effectiveness, validity, binding nature or enforceability, or Agent for the benefit of the Purchasers shall cease to have a valid and perfected ownership or first priority perfected security interest in the Receivables, the Related Security and the Collections with respect thereto and the Collection Accounts.

(l) If required to be in effect pursuant to Section 7.3, any Hedging Agreement shall for any reason not be in full force and effect.

(m) The Intercreditor Agreement shall terminate in whole or in part or shall cease to be in full force and effect or any party other than Agent thereto shall directly or indirectly contest in any manner the effectiveness or enforceability thereof.

(n) PDCo's Leverage Ratio shall exceed the applicable amount set forth in Section 6.20 of the Credit Agreement as of any applicable period(s) or date(s) set forth in Section 6.20 of the Credit Agreement.

(o) Performance Provider shall fail to perform or observe any term, covenant or agreement required to be performed by it under the Performance Undertaking, or the Performance Undertaking shall cease to be effective or to be the legally valid, binding and enforceable obligation of Performance Provider, or Performance Provider shall directly or indirectly contest in any manner such effectiveness, validity, binding nature or enforceability.

(p) As determined commencing with fiscal quarter ending April 28, 2018, PDCo's Interest Expense Coverage Ratio shall be less than the applicable amount set forth in Section 6.21 of the Credit Agreement as of any applicable period(s) or date(s) set forth in Section 6.21 of the Credit Agreement.

(q) Any Person shall be appointed as an Independent Governor of Seller without prior notice thereof having been given to Agent in accordance with Section 7.1(b)(vii) or without the written acknowledgement by Agent that such Person conforms, to the satisfaction of Agent, with the criteria set forth in the definition herein of "Independent Governor."

(r) Seller shall fail to pay in full all of its Obligations to Agent and the Purchasers hereunder and under each other Transaction Document on or prior to the Legal Maturity Date.

Section 9.2 Remedies. Upon the occurrence and during the continuation of an Amortization Event, Agent may, or upon the direction of the Required Purchasers shall, take any of the following actions: (i) replace the Person then acting as Servicer, (ii) declare the Amortization Date to have occurred, whereupon the Amortization Date shall forthwith occur, without demand, protest or further notice of any kind, all of which are hereby expressly waived by each Seller Party; provided, however, that upon the occurrence of an Amortization Event described in Section 9.1(d), or of an actual or deemed entry of an order for relief with respect to any Seller Party under the Federal Bankruptcy Code or under any other applicable bankruptcy, insolvency, arrangement, moratorium or similar laws of any other jurisdiction (foreign or domestic), the Amortization Date shall automatically occur, without demand, protest or any notice of any kind, all of which are hereby expressly waived by each Seller Party, (iii) to the fullest extent permitted by applicable law, declare that the Default Fee shall accrue with respect to any of the Aggregate Unpaid outstanding at such time, (iv) deliver the Collection Notices to the Collection Banks and the Postal Notices to any post office where a P.O. Box is located, and (v) notify Obligors of the Purchasers' interest in the Receivables. The aforementioned rights and

remedies shall be without limitation, and shall be in addition to all other rights and remedies of Agent and the Purchasers otherwise available under any other provision of this Agreement, by operation of law, at equity or otherwise, all of which are hereby expressly preserved, including, without limitation, all rights and remedies provided under the UCC, all of which rights shall be cumulative. For the avoidance of doubt, following an Amortization Event, the Purchasers shall have the rights of a secured party under Article 9 of the UCC following a breach or default, including but not limited to the right to demand acceleration of all outstanding amounts hereunder or foreclose on the Receivables sold hereunder.

ARTICLE X

INDEMNIFICATION

Section 10.1 Indemnities by The Seller Parties. Without limiting any other rights that Agent, any Purchaser or any of their respective Affiliates may have hereunder or under applicable law, (A) Seller hereby agrees to indemnify (and pay upon demand to) Agent, each Purchaser and the Hedge Providers and their respective Affiliates, successors, assigns, officers, directors, agents and employees (each an “**Indemnified Party**”) from and against any and all damages, losses, claims, taxes, liabilities, costs, expenses and for all other amounts payable, including reasonable attorneys’ fees (which attorneys may be employees of any Indemnified Party) and disbursements (all of the foregoing being collectively referred to as “**Indemnified Amounts**”) awarded against or incurred by any of them arising out of or as a result of this Agreement or the Hedging Agreements, or the use of the proceeds of any Purchase hereunder, or the acquisition, funding or ownership either directly or indirectly, by any Indemnified Party of a an interest in the Asset Portfolio, Receivables, or any Receivable or any Contract or any Related Security, or any action or inaction of any Seller Party, and (B) Servicer hereby agrees to indemnify (and pay upon demand to) each Indemnified Party for Indemnified Amounts awarded against or incurred by any of them arising out of Servicer’s activities as Servicer hereunder excluding, however, in all of the foregoing instances under the preceding clauses (A) and (B):

(x) Indemnified Amounts to the extent a final judgment of a court of competent jurisdiction holds that such Indemnified Amounts resulted from gross negligence or willful misconduct on the part of the Indemnified Party seeking indemnification;

(y) Indemnified Amounts to the extent the same includes losses in respect of Receivables that are uncollectible on account of the insolvency, bankruptcy or lack of creditworthiness of the related Obligor; or

(z) taxes imposed by the jurisdiction in which such Indemnified Party’s principal executive office is located, on or measured by the overall net income of such Indemnified Party to the extent that the computation of such taxes is consistent with the characterization for income tax purposes of the acquisition by the Purchasers of the Asset Portfolio as a loan or loans by the Purchasers to Seller secured by the Receivables, the Related Security, the Collection Accounts and the Collections;

provided, however, that nothing contained in this sentence shall limit the liability of any Seller Party or limit the recourse of the Purchasers to any Seller Party for amounts otherwise specifically provided to be paid by such Seller Party under the terms of this Agreement. Without limiting the generality of the foregoing indemnification, Seller shall indemnify each Indemnified Party for Indemnified Amounts (including, without limitation, losses in respect of uncollectible receivables, regardless of whether reimbursement therefor would constitute recourse to Seller or Servicer) relating to or resulting from:

(i) any representation or warranty made by any Seller Party, any Originator or Performance Provider (or any officers of any such Person) under or in connection with this Agreement, any other Transaction Document or any other information or report delivered by any such Person pursuant hereto or thereto, which shall have been false or incorrect when made or deemed made;

(ii) the failure by Seller, Servicer or any Originator to comply with any applicable law, rule or regulation with respect to any Receivable or Contract related thereto, or the nonconformity of any Receivable or Contract included therein with any such applicable law, rule or regulation or any failure of any Originator to keep or perform any of its obligations, express or implied, with respect to any Contract;

(iii) any failure of Seller, Servicer, any Originator or Performance Provider to perform its duties, covenants or other obligations in accordance with the provisions of this Agreement or any other Transaction Document;

(iv) any products liability, personal injury or damage suit, or other similar claim arising out of or in connection with merchandise, insurance or services that are the subject of any Contract or any Receivable;

(v) any dispute, claim, offset or defense (other than discharge in bankruptcy of the Obligor) of the Obligor to the payment of any Receivable (including, without limitation, a defense based on such Receivable or the related Contract not being a legal, valid and binding obligation of such Obligor enforceable against it in accordance with its terms), or any other claim resulting from the sale of the merchandise or service related to such Receivable or the furnishing or failure to furnish such merchandise or services;

(vi) the commingling of Collections of Receivables at any time with other funds;

(vii) any investigation, litigation or proceeding related to or arising from this Agreement or any other Transaction Document, the transactions contemplated hereby, the use of the proceeds of a Purchase, the ownership of the Asset Portfolio (or any portion thereof) or any other investigation, litigation or proceeding relating to Seller, Servicer or any Originator in which any Indemnified Party becomes involved as a result of any of the transactions contemplated hereby;

(viii) any inability to litigate any claim against any Obligor in respect of any Receivable as a result of such Obligor being immune from civil and commercial law and suit on the grounds of sovereignty or otherwise from any legal action, suit or proceeding;

(ix) any Amortization Event described in Section 9.1(d);

(x) any failure of Seller to acquire and maintain legal and equitable title to, and ownership of, any Receivable and the Related Security and Collections with respect thereto from any Originator, free and clear of any Adverse Claim (other than as created hereunder); or any failure of Seller to give reasonably equivalent value to any Originator under the Receivables Sale Agreement in consideration of the transfer by such Originator of any Receivable, or any attempt by any Person to void such transfer under statutory provisions or common law or equitable action;

(xi) any failure to vest and maintain vested in Agent for the benefit of the Purchasers, or to transfer to Agent for the benefit of the Purchasers, legal and equitable title to, and ownership of, or a valid and perfected first priority security interest in, the Asset Portfolio, free and clear of any Adverse Claim (except as created by the Transaction Documents);

(xii) the failure to have filed, or any delay in filing, financing statements or other similar instruments or documents under the UCC of any applicable jurisdiction or other applicable laws with respect to any Receivable, the Related Security and Collections with respect thereto, and the proceeds of any thereof, whether at the time of any Purchase or at any subsequent time;

(xiii) any action or omission by any Seller Party which reduces or impairs the rights of Agent or the Purchasers with respect to any Receivable or the value of any such Receivable;

(xiv) any attempt by any Person to void any Purchase under statutory provisions or common law or equitable action;

(xv) the failure of any Receivable included in the calculation of the Net Portfolio Balance as an Eligible Receivable to be an Eligible Receivable at the time so included; and

(xvi) the Agent holding and maintaining the Reserve Account and applying any funds on deposit therein.

Section 10.2 Increased Cost and Reduced Return.

(a) If any Regulatory Change (i) subjects any Purchaser to any charge or withholding on or with respect to this Agreement or a Purchaser's obligations under this Agreement, or on or with respect to the Receivables, or changes the basis of taxation of

payments to any Purchaser of any amounts payable under this Agreement (except for changes in the rate of tax on the overall net income of a Purchaser or taxes excluded by Section 10.1) or (ii) imposes, modifies or deems applicable any reserve, assessment, fee, tax, insurance charge, special deposit or similar requirement against assets of, deposits with or for the account of, or liabilities of a Purchaser, or credit extended by a Purchaser pursuant to this Agreement or (iii) imposes any other condition the result of which is to increase the cost to a Purchaser of performing its obligations under this Agreement, or to reduce the rate of return on a Purchaser's capital as a consequence of its obligations under this Agreement, or to reduce the amount of any sum received or receivable by a Purchaser under this Agreement, or to require any payment calculated by reference to the amount of interests or loans held or interest received by it, then, upon demand by Agent, Seller shall pay to Agent, for the benefit of the relevant Purchaser, such amounts charged to such Purchaser or such amounts to otherwise compensate such Purchaser for such increased cost or such reduction.

(b) A certificate of the applicable Purchaser setting forth the amount or amounts necessary to compensate such Purchaser pursuant to paragraph (a) of this Section 10.2 shall be delivered to Seller and shall be conclusive absent manifest error.

(c) If any Purchaser has or anticipates having any claim for compensation from Seller pursuant to clause (iii) of the definition of Regulatory Change, and such Purchaser believes that having the Facility publicly rated by one credit rating agency would reduce the amount of such compensation by an amount deemed by such Purchaser to be material, such Purchaser shall provide written notice to Seller and Servicer (a "**Ratings Request**") that such Purchaser intends to request a public rating of the Facility from one credit rating agency selected by such Purchaser and reasonably acceptable to Seller, of at least AA equivalent (the "**Required Rating**"). Seller and Servicer agree that they shall cooperate with such Purchaser's efforts to obtain the Required Rating, and shall provide the applicable credit rating agency (either directly or through distribution to Agent or Purchaser), any information requested by such credit rating agency for purposes of providing and monitoring the Required Rating. Seller shall pay the initial fees payable to the credit rating agency for providing the rating and all ongoing fees payable to the credit rating agency for their continued monitoring of the rating. Nothing in this Section 10.2(c) shall preclude any Purchaser from demanding compensation from Seller pursuant to Section 10.2(a) hereof at any time and without regard to whether the Required Rating shall have been obtained, or shall require any Purchaser to obtain any rating on the Facility prior to demanding any such compensation from Seller.

Section 10.3 Other Costs and Expenses. Seller shall reimburse Agent and each Purchaser on demand for all costs and out-of-pocket expenses in connection with the preparation, negotiation, arrangement, execution, delivery, enforcement and administration of this Agreement, the transactions contemplated hereby and the other documents to be delivered hereunder, including without limitation, the cost of any Purchaser's auditors auditing the books, records and procedures of Seller, reasonable fees and out-of-pocket expenses of legal counsel for any Purchaser and/or Agent (which such counsel may be employees of any Purchaser or Agent) with respect thereto and with respect to advising any Purchaser and/or Agent as to their respective rights and remedies under this Agreement. Seller shall reimburse Agent and each

Purchaser on demand for any and all costs and expenses of Agent, and the Purchasers, if any, including reasonable counsel fees and expenses in connection with the enforcement of this Agreement and the other documents delivered hereunder and in connection with any restructuring or workout of this Agreement or such documents, or the administration of this Agreement following an Amortization Event.

Section 10.4 [Reserved.]

Section 10.5 [Reserved.]

Section 10.6 Required Rating. Agent shall have the right at any time to request that a public rating of the Facility of at least the Required Rating be obtained from one credit rating agency acceptable to Agent. Each of Seller and Servicer agree that they shall cooperate with Agent's efforts to obtain the Required Rating, and shall provide Agent, for distribution to the applicable credit rating agency, any information requested by such credit rating agency for purposes of providing the Required Rating. Any Ratings Request shall be in writing, and if the Required Rating is not obtained within 60 days following the date of such Ratings Request (unless the failure to obtain the Required Rating is solely the result of Agent's failure to provide the credit rating agency with sufficient information to permit the credit rating agency to perform their analysis, and is not the result of Seller or Servicer's failure to cooperate or provide sufficient information to Agent), (i) upon written notice by Agent to Seller, the Amortization Date shall occur, and (ii) outstanding Capital shall thereafter incur the Default Fee and costs associated with obtaining the Required Rating hereunder shall be paid by Seller or Servicer.

ARTICLE XI

AGENT

Section 11.1 Authorization and Action. Each Purchaser hereby designates and appoints FTB to act as its agent hereunder and under each other Transaction Document, and authorizes Agent to take such actions as agent on its behalf and to exercise such powers as are delegated to Agent by the terms of this Agreement and the other Transaction Documents together with such powers as are reasonably incidental thereto. Agent shall not have any duties or responsibilities, except those expressly set forth herein or in any other Transaction Document, or any fiduciary relationship with any Purchaser, and no implied covenants, functions, responsibilities, duties, obligations or liabilities on the part of Agent shall be read into this Agreement or any other Transaction Document or otherwise exist for Agent. In performing its functions and duties hereunder and under the other Transaction Documents, Agent shall act solely as agent for the Purchasers and does not assume nor shall be deemed to have assumed any obligation or relationship of trust or agency with or for any Seller Party or any Purchaser or any of such Seller Party's or Purchaser's successors or assigns. Agent shall not be required to take any action that exposes Agent to personal liability or that is contrary to this Agreement, any other Transaction Document or applicable law. The appointment and authority of Agent hereunder shall terminate upon the indefeasible payment in full of all Aggregate Unpaid. Each Purchaser hereby authorizes Agent to authorize and file each of the Uniform Commercial Code financing

or continuations statements (and amendments thereto and assignments or terminations thereof) on behalf of such Purchaser (the terms of which shall be binding on such Purchaser).

Section 11.2 Delegation of Duties. Agent may execute any of its duties under this Agreement and each other Transaction Document by or through agents or attorneys-in-fact and shall be entitled to advice of counsel concerning all matters pertaining to such duties. Agent shall not be responsible for the negligence or misconduct of any agents or attorneys-in-fact selected by it with reasonable care.

Section 11.3 Exculpatory Provisions. Neither Agent nor any of its directors, officers, agents or employees shall be (i) liable for any action lawfully taken or omitted to be taken by it or them under or in connection with this Agreement or any other Transaction Document (except for its, their or such Person's own gross negligence or willful misconduct), or (ii) responsible in any manner to any of the Purchasers for any recitals, statements, representations or warranties made by any Seller Party contained in this Agreement, any other Transaction Document or any certificate, report, statement or other document referred to or provided for in, or received under or in connection with, this Agreement, or any other Transaction Document or for the value, validity, effectiveness, genuineness, enforceability or sufficiency of this Agreement, or any other Transaction Document or any other document furnished in connection herewith or therewith, or for any failure of any Seller Party to perform its obligations hereunder or thereunder, or for the satisfaction of any condition specified in Article VI, or for the ownership, perfection, priority, condition, value or sufficiency of any collateral pledged in connection herewith. Agent shall not be under any obligation to any Purchaser to ascertain or to inquire as to the observance or performance of any of the agreements or covenants contained in, or conditions of, this Agreement or any other Transaction Document, or to inspect the properties, books or records of the Seller Parties. Agent shall not be deemed to have knowledge of any Amortization Event or Potential Amortization Event unless Agent has received notice from Seller or a Purchaser.

Section 11.4 Reliance by Agent. Agent shall in all cases be entitled to rely, and shall be fully protected in relying, upon any document or conversation believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons and upon advice and statements of legal counsel (including, without limitation, counsel to any Seller Party), independent accountants and other experts selected by Agent. Agent shall in all cases be fully justified in failing or refusing to take any action under this Agreement or any other Transaction Document unless it shall first receive such advice or concurrence of the Required Purchasers or all of the Purchasers, as applicable, as it deems appropriate and it shall first be indemnified to its satisfaction by the Purchasers, provided that unless and until Agent shall have received such advice, Agent may take or refrain from taking any action, as Agent shall deem advisable and in the best interests of the Purchasers. Agent shall in all cases be fully protected in acting, or in refraining from acting, in accordance with a request of the Required Purchasers or all of the Purchasers, as applicable, and such request and any action taken or failure to act pursuant thereto shall be binding upon all the Purchasers.

Section 11.5 Non-Reliance on Agent and Other Purchasers. Each Purchaser expressly acknowledges that neither Agent, nor any of its officers, directors, employees, agents, attorneys-in-fact or affiliates has made any representations or warranties to it and that no act by Agent hereafter taken, including, without limitation, any review of the affairs of any Seller Party, shall be deemed to constitute any representation or warranty by Agent. Each Purchaser represents and warrants to Agent that it has and will, independently and without reliance upon Agent or any other Purchaser and based on such documents and information as it has deemed appropriate, made its own appraisal of and investigation into the business, operations, property, prospects, financial and other conditions and creditworthiness of each Seller Party and made its own decision to enter into this Agreement, the other Transaction Documents and all other documents related hereto or thereto.

Section 11.6 Reimbursement and Indemnification. Each Purchaser agrees to reimburse and indemnify Agent and its officers, directors, employees, representatives and agents ratably based on the ratio of each such indemnifying Purchaser's Commitment to the aggregate Commitment to the extent not paid or reimbursed by Seller Parties (i) for any amounts for which Agent, acting in its capacity as Agent, is entitled to reimbursement by the Seller Parties hereunder and (ii) for any other expenses incurred by Agent, in its capacity as Agent and acting on behalf of the Purchasers, in connection with the administration and enforcement of this Agreement and the other Transaction Documents.

Section 11.7 Agent in its Individual Capacity. Agent and its Affiliates may make loans to, accept deposits from and generally engage in any kind of business with any Seller Party or any Affiliate of any Seller Party as though Agent were not Agent hereunder. With respect to the acquisition of the Asset Portfolio on behalf of the Purchasers pursuant to this Agreement, Agent shall have the same rights and powers under this Agreement in its individual capacity as any Purchaser and may exercise the same as though it were not Agent, and the term "**Purchaser**" shall include Agent in its individual capacity.

Section 11.8 Successor Agent. Agent may, upon 10 Business Days' notice to Seller and the Purchasers, and Agent will, upon the direction of all of the Purchasers (other than Agent, in its individual capacity) resign as Agent. If Agent shall resign, then the Required Purchasers during such five-day period shall appoint from among the Purchasers a successor agent. If for any reason no successor Agent is appointed by the Required Purchasers during such five-day period, then effective upon the termination of such five-day period, the Purchasers shall perform all of the duties of Agent hereunder and under the other Transaction Documents and Seller and Servicer (as applicable) shall make all payments in respect of the Aggregate Unpays directly to the applicable Purchasers and for all purposes shall deal directly with the Purchasers. After the effectiveness of any retiring Agent's resignation hereunder as Agent, the retiring Agent shall be discharged from its duties and obligations hereunder and under the other Transaction Documents and the provisions of this Article XI and Article X shall continue in effect for its benefit with respect to any actions taken or omitted to be taken by it while it was Agent under this Agreement and under the other Transaction Documents.

ARTICLE XII

ASSIGNMENTS; PARTICIPATIONS

Section 12.1 Assignments.

(a) Neither Seller nor Servicer shall have the right to assign its rights or obligations under this Agreement; provided, however, that Seller may assign its right to receive the RPA Deferred Purchase Price or any portion thereof, which right shall be freely assignable by Seller without the consent of Agent or any Purchaser so long as no Amortization Event has occurred that has not been waived in accordance with the terms hereof and the Amortization Date has not occurred, upon prior written notice of such assignment to Agent; provided, that the related assignee has agreed, in a writing in form and substance reasonably satisfactory to Agent, to (i) all of the terms and conditions hereunder in respect of payment of the RPA Deferred Purchase Price (including Section 2.7(b)), (ii) a non-petition clause in favor of each of Seller in substantially the form of Section 14.6 and (iii) a limitation on payment clause in favor of Agent and each Purchaser in substantially the form of Section 2.7(b).

(b) With the prior written consent of Agent not to be unreasonably withheld, any Purchaser may at any time and from time to time assign to one or more Persons (“**Purchasing Purchasers**”) all or any part of its rights and obligations under this Agreement pursuant to an assignment agreement, substantially in the form set forth in Exhibit VII hereto (the “**Assignment Agreement**”) executed by such Purchasing Purchaser and such selling Purchaser; provided, however, that no Purchaser shall transfer, sell or assign its rights in all or any part of the Asset Portfolio at any time prior to the Amortization Date unless the RPA Deferred Purchase Price allocable to the Asset Portfolio (or such relevant portion thereof), as determined by Agent to be allocable to such assigned interest on a pro rata basis, has been paid in full or is being assumed by the applicable transferee. Each assignee of a Purchaser must agree to deliver to Agent, promptly following any request therefor by Agent an enforceability opinion in form and substance satisfactory to Agent. Upon the “Effective Date” as defined in the applicable Assignment Agreement, such selling Purchaser shall be released from its obligations hereunder to the extent of such assignment. Thereafter the Purchasing Purchaser shall for all purposes be a Purchaser party to this Agreement and shall have all the rights and obligations of a Purchaser (including, without limitation, the applicable obligations of a Related Purchaser) under this Agreement to the same extent as if it were an original party hereto and no further consent or action by Seller, the Purchasers or Agent shall be required.

Section 12.2 Participations. Any Purchaser may, in the ordinary course of its business at any time sell to one or more Persons (each a “**Participant**”) participating interests in its Pro Rata Share portion of the Asset Portfolio or any other interest of such Purchaser hereunder. Notwithstanding any such sale by a Purchaser of a participating interest to a Participant, such Purchaser’s rights and obligations under this Agreement shall remain unchanged, such Purchaser shall remain solely responsible for the performance of its obligations hereunder, and each Seller Party, each other Purchaser and Agent shall continue to deal solely and directly with such Purchaser in connection with such Purchaser’s rights and obligations under this Agreement. Each Purchaser agrees that any agreement between such Purchaser and any such Participant in respect of such participating interest shall not restrict such Purchaser’s

right to agree to any amendment, supplement, waiver or modification to this Agreement, except for any amendment, supplement, waiver or modification described in Section 14.1(b)(i).

Section 12.3 Federal Reserve. Notwithstanding any other provision of this Agreement to the contrary, any Purchaser may at any time pledge or grant a security interest in all or any portion of its rights (including, without limitation, its portion of the Asset Portfolio and any rights to payment of Capital and Purchaser Yield) under this Agreement to secure obligations of such Purchaser to a Federal Reserve Bank, without notice to or consent of Seller or Agent; provided that no such pledge or grant of a security interest shall release a Purchaser from any of its obligations hereunder, or substitute any such pledgee or grantee for such Purchaser as a party hereto.

ARTICLE XIII

[Reserved.]

ARTICLE XIV

MISCELLANEOUS

Section 14.1 Waivers and Amendments.

(a) No failure or delay on the part of Agent, or any Purchaser in exercising any power, right or remedy under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any such power, right or remedy preclude any other further exercise thereof or the exercise of any other power, right or remedy. The rights and remedies herein provided shall be cumulative and nonexclusive of any rights or remedies provided by law. Any waiver of this Agreement shall be effective only in the specific instance and for the specific purpose for which given.

(b) No provision of this Agreement may be amended, supplemented, modified or waived except in writing in accordance with the provisions of this Section 14.1(b). Seller and Agent, at the direction of the Required Purchasers, may enter into written modifications or waivers of any provisions of this Agreement, provided, however, that no such modification or waiver shall:

(i) without the consent of each affected Purchaser, (A) extend the Purchase Termination Date or the date of any payment or deposit of Collections by Seller or Servicer, (B) reduce the rate or extend the time of payment of Purchaser Yield (or any component of Purchaser Yield), (C) reduce any fee payable to Agent for the benefit of the Purchasers, (D) except pursuant to Article XII hereof, change the amount of the Capital of any Purchaser, any Purchaser's Pro Rata Share or any Purchaser's Commitment, (E) amend, modify or waive any provision of the definition of Required Purchasers, Section 4.6, this Section 14.1(b) or Section 14.6, (F) consent to or permit the assignment or transfer by Seller of any of its rights and obligations under this Agreement, (G) change the definition of "**Concentration Limit**," "**Eligible Receivable**," "**Credit Enhancement**,"

“Hedging Agreement,” “Hedge Provider,” “Net Portfolio Balance,” “Reserve Account Required Amount” or “RPA Deferred Purchase Price” or (H) amend or modify any defined term (or any defined term used directly or indirectly in such defined term) used in clauses (A) through (G) above in a manner that would circumvent the intention of the restrictions set forth in such clauses; or

(ii) without the written consent of the then Agent, amend, modify or waive any provision of this Agreement if the effect thereof is to affect the rights or duties of such Agent.

Notwithstanding the foregoing, (i) without the consent of the Purchasers, but with the consent of Seller, Agent may amend this Agreement solely to add additional Persons as Purchasers, hereunder and (ii) Agent and the Required Purchasers may enter into amendments to modify any of the terms or provisions of Article XI, Article XII, Section 14.13 or any other provision of this Agreement without the consent of any Seller Party, provided that such amendment has no negative impact upon such Seller Party. Any modification or waiver made in accordance with this Section 14.1 shall apply to each of the Purchasers equally and shall be binding upon each Seller Party, the Purchasers and Agent.

Section 14.2 Notices. Except as provided in this Section 14.2, all communications and notices provided for hereunder shall be in writing (including bank wire, teletype or electronic facsimile transmission or similar writing) and shall be given to the other parties hereto at their respective addresses or teletype numbers set forth on the signature pages hereof or at such other address or teletype number as such Person may hereafter specify for the purpose of notice to each of the other parties hereto. Each such notice or other communication shall be effective if given by teletype, upon the receipt thereof, if given by mail, three (3) Business Days after the time such communication is deposited in the mail with first class postage prepaid or if given by any other means, when received at the address specified in this Section 14.2. Seller hereby authorizes Agent and the Purchasers to effect Purchases and Rate Tranche Period and Discount Rate selections based on telephonic notices made by any Person whom Agent or applicable Purchaser in good faith believes to be acting on behalf of Seller. Seller agrees to deliver promptly to Agent and each applicable Purchaser a written confirmation of each telephonic notice signed by an authorized officer of Seller; provided, however, the absence of such confirmation shall not affect the validity of such notice. If the written confirmation differs from the action taken by Agent and/or the applicable Purchaser, the records of Agent and/or the applicable Purchaser shall govern absent manifest error.

Section 14.3 Ratable Payments. If any Purchaser, whether by setoff or otherwise, has payment made to it with respect to any portion of the Aggregate Unpaid owing to such Purchaser (other than payments received pursuant to Sections 10.2 or 10.3) in a greater proportion than that received by any other Purchaser entitled to receive a ratable share of such Aggregate Unpaid, such Purchaser agrees, promptly upon demand, to purchase for cash without recourse or warranty a portion of such Aggregate Unpaid held by the other Purchasers so that after such purchase each Purchaser will hold its ratable proportion of such Aggregate Unpaid; provided that if all or any portion of such excess amount is thereafter recovered from such

Purchaser, such purchase shall be rescinded and the purchase price restored to the extent of such recovery, but without interest.

Section 14.4 Protection of Ownership Interests of the Purchasers.

(a) Seller agrees that from time to time, at its expense, it will promptly execute and deliver all instruments and documents, and take all actions, that may be necessary or desirable, or that Agent may request, to perfect, protect or more fully evidence Agent's (on behalf of the Purchasers) valid ownership of or first priority perfected security interest in the Asset Portfolio, or to enable Agent or the Purchasers to exercise and enforce their rights and remedies hereunder. Without limiting the foregoing, Seller will, upon the request of Agent, file such financing or continuation statements, or amendments thereto or assignments thereof, and execute and file such other instruments and documents, that may be necessary or desirable, or that Agent may reasonably request, to perfect, protect or evidence such valid ownership of or first priority perfected security interest in the Asset Portfolio. At any time following the occurrence of an Amortization Event, Agent may, or Agent may direct Seller or Servicer to, notify the Obligors of Receivables, at Seller's expense, of the ownership or security interests of the Purchasers under this Agreement and may also direct that payments of all amounts due or that become due under any or all Receivables be made directly to Agent or its designee. Seller or Servicer (as applicable) shall, at any Purchaser's request, withhold the identity of such Purchaser in any such notification.

(b) If any Seller Party fails to perform any of its obligations hereunder, Agent or any Purchaser may (but shall not be required to) perform, or cause performance of, such obligations, and Agent's or such Purchaser's costs and expenses incurred in connection therewith shall be payable by Seller as provided in Section 10.3. Each Seller Party irrevocably authorizes Agent at any time and from time to time in the sole and absolute discretion of Agent, and appoints Agent as its attorney-in-fact, to act on behalf of such Seller Party (i) to authorize and/or execute on behalf of such Seller Party as debtor and to file financing or continuation statements (and amendments thereto and assignments thereof) necessary or desirable in Agent's sole and absolute discretion to perfect and to maintain Agent's (on behalf of the Purchasers) valid ownership of or first priority perfected security interest in the Receivables and (ii) to file a carbon, photographic or other reproduction of this Agreement or any financing statement with respect to the Receivables as a financing statement in such offices as Agent in its sole and absolute discretion deems necessary or desirable to perfect and to maintain the ownership of or first priority perfected security interest in the interests of the Purchasers in the Receivables. This appointment is coupled with an interest and is irrevocable. The authorization by each Seller Party set forth in the second sentence of this Section 14.4(b) is intended to meet all requirements for authorization by a debtor under Article 9 of any applicable enactment of the UCC, including, without limitation, Section 9-509 thereof.

Section 14.5 Confidentiality.

(a) Each Seller Party, Agent and each Purchaser shall maintain and shall cause each of its employees and officers to maintain the confidentiality of this Agreement and the other confidential or proprietary information with respect to Agent, each Purchaser and their

respective businesses obtained by it or them in connection with the structuring, negotiating and execution of the transactions contemplated herein, except that such Seller Party, Agent and such Purchaser and its officers and employees may disclose such information to such Seller Party's, Agent's and such Purchaser's external accountants and attorneys and as required by any applicable law or order of any judicial or administrative proceeding.

(b) Anything herein to the contrary notwithstanding, each Seller Party hereby consents to the disclosure of any nonpublic information with respect to it (i) to Agent or the Purchasers, by each other and by each such Person to such Person's equityholders, and (ii) by Agent or the Purchasers to any prospective or actual assignee or participant of any of them and provided each such Person is informed of and agrees to maintain the confidential nature of such information. In addition, the Purchasers and Agent may disclose any such nonpublic information pursuant to any law, rule, regulation, direction, request or order of any judicial, administrative or regulatory authority or proceedings (whether or not having the force or effect of law).

Section 14.6 Bankruptcy Petition.

(a) Seller, Servicer, Agent and each Purchaser hereby covenants and agrees that, prior to the date that is one year and one day after the payment in full of all outstanding senior indebtedness of any Purchaser that is a special purpose bankruptcy remote entity, it will not institute against, or join any other Person in instituting against any Purchaser or any such entity any bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings or other similar proceeding under the laws of the United States or any state of the United States.

(b) Servicer hereby covenants and agrees that, prior to the date that is one year and one day after the payment in full of all Obligations of Seller, it will not institute against, or join any other Person in instituting against, Seller any bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings or other similar proceeding under the laws of the United States or any state of the United States.

Section 14.7 Limitation of Liability. Except with respect to any claim arising out of the willful misconduct or gross negligence of Agent or any Purchaser, no claim may be made by any Seller Party or any other Person against Agent or any Purchaser or their respective Affiliates, directors, officers, employees, attorneys or agents for any special, indirect, consequential or punitive damages in respect of any claim for breach of contract or any other theory of liability arising out of or related to the transactions contemplated by this Agreement, or any act, omission or event occurring in connection therewith; and each Seller Party hereby waives, releases and agrees not to sue upon any claim for any such damages, whether or not accrued and whether or not known or suspected to exist in its favor.

Section 14.8 CHOICE OF LAW. THIS AGREEMENT SHALL BE GOVERNED AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF ILLINOIS.

Section 14.9 CONSENT TO JURISDICTION. EACH SELLER PARTY HEREBY IRREVOCABLY SUBMITS TO THE NON-EXCLUSIVE JURISDICTION OF ANY UNITED STATES FEDERAL OR ILLINOIS STATE COURT SITTING IN CHICAGO,

ILLINOIS IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY DOCUMENT EXECUTED BY SUCH PERSON PURSUANT TO THIS AGREEMENT AND EACH SELLER PARTY HEREBY IRREVOCABLY AGREES THAT ALL CLAIMS IN RESPECT OF SUCH ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED IN ANY SUCH COURT AND IRREVOCABLY WAIVES ANY OBJECTION IT MAY NOW OR HEREAFTER HAVE AS TO THE VENUE OF ANY SUCH SUIT, ACTION OR PROCEEDING BROUGHT IN SUCH A COURT OR THAT SUCH COURT IS AN INCONVENIENT FORUM. NOTHING HEREIN SHALL LIMIT THE RIGHT OF AGENT OR ANY PURCHASER TO BRING PROCEEDINGS AGAINST ANY SELLER PARTY IN THE COURTS OF ANY OTHER JURISDICTION. ANY JUDICIAL PROCEEDING BY ANY SELLER PARTY AGAINST AGENT OR ANY PURCHASER OR ANY AFFILIATE OF AGENT OR ANY PURCHASER INVOLVING, DIRECTLY OR INDIRECTLY, ANY MATTER IN ANY WAY ARISING OUT OF, RELATED TO, OR CONNECTED WITH THIS AGREEMENT OR ANY DOCUMENT EXECUTED BY SUCH SELLER PARTY PURSUANT TO THIS AGREEMENT SHALL BE BROUGHT ONLY IN A COURT IN CHICAGO, ILLINOIS.

Section 14.10 WAIVER OF JURY TRIAL. EACH PARTY HERETO HEREBY WAIVES TRIAL BY JURY IN ANY JUDICIAL PROCEEDING INVOLVING, DIRECTLY OR INDIRECTLY, ANY MATTER (WHETHER SOUNDING IN TORT, CONTRACT OR OTHERWISE) IN ANY WAY ARISING OUT OF, RELATED TO, OR CONNECTED WITH THIS AGREEMENT, ANY DOCUMENT EXECUTED BY ANY SELLER PARTY PURSUANT TO THIS AGREEMENT OR THE RELATIONSHIP ESTABLISHED HEREUNDER OR THEREUNDER.

Section 14.11 Integration; Binding Effect; Survival of Terms.

(a) This Agreement and each other Transaction Document contain the final and complete integration of all prior expressions by the parties hereto with respect to the subject matter hereof and shall constitute the entire agreement among the parties hereto with respect to the subject matter hereof superseding all prior oral or written understandings.

(b) This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns (including any trustee in bankruptcy) and shall inure to the benefit of the Hedge Providers and its successors and permitted assigns (including any trustee in bankruptcy). This Agreement shall create and constitute the continuing obligations of the parties hereto in accordance with its terms and shall remain in full force and effect until terminated in accordance with its terms; provided, however, that the rights and remedies with respect to (i) any breach of any representation and warranty made by any Seller Party pursuant to Article V, (ii) the indemnification, payment and other provisions of Article X and Sections 2.7(b), 14.5 and 14.6 shall be continuing and shall survive any termination of this Agreement.

Section 14.12 Counterparts; Severability; Section References. This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which

when taken together shall constitute one and the same Agreement. Any provisions of this Agreement which are prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction. Unless otherwise expressly indicated, all references herein to “Article,” “Section,” “Schedule” or “Exhibit” shall mean articles and sections of, and schedules and exhibits to, this Agreement.

Section 14.13 [Reserved]

Section 14.14 Characterization.

(a) It is the intention of the parties hereto that each Purchase hereunder shall constitute and be treated as an absolute and irrevocable sale to Agent, on behalf of the Purchasers, for all purposes (other than federal and state income tax purposes), which such Purchase shall provide Agent, on behalf of the Purchasers, with the full benefits of ownership of the Asset Portfolio. Except as specifically provided in this Agreement, each Purchase hereunder is made without recourse to Seller; provided, however, that (i) Seller shall be liable to each Purchaser and Agent for all representations, warranties, covenants and indemnities made by Seller pursuant to the terms of this Agreement and (ii) such sale does not constitute and is not intended to result in an assumption by any Purchaser or Agent or any assignee thereof of any obligation of Seller or any Originator or any other Person arising in connection with the Receivables, the Related Security, or the related Contracts, or any other obligations of Seller or any Originator.

(b) In addition to any ownership interest which Agent may from time to time acquire pursuant hereto, Seller hereby grants to Agent for the ratable benefit of the Purchasers a valid and perfected security interest in all of Seller’s right, title and interest in, to and under all Receivables now existing or hereafter arising, the Collections, each Lock-Box, each P.O. Box, each Collection Account, the Reserve Account, all Related Security, all other rights and payments relating to such Receivables and all proceeds of any thereof prior to all other liens on and security interests therein to secure the prompt and complete payment of the Aggregate Unpaid. Agent and the Purchasers shall have, in addition to the rights and remedies that they may have under this Agreement, all other rights and remedies provided to a secured creditor under the UCC and other applicable law, which rights and remedies shall be cumulative.

Section 14.15 [Reserved.]

Section 14.16 Intercreditor Agreement. Each Purchaser, Seller and Servicer each hereby authorize Agent to enter into the Intercreditor Agreement or an amendment thereto, as applicable, in each case, on or about the date hereof and each Purchaser agrees to be bound by the provisions thereof.

Section 14.17 Confirmation and Ratification of Terms.

(a) Upon the effectiveness of this Agreement, each reference to the Prior Agreement in any other Transaction Document and any document, instrument or agreement executed and/or delivered in connection with the Prior Agreement or any other Transaction Document, shall mean and be a reference to this Agreement.

(b) The other Transaction Documents and all agreements, instruments and documents executed or delivered in connection with the Prior Agreement or any other Transaction Document shall each be deemed to be amended to the extent necessary, if any, to give effect to the provisions of this Agreement, as the same may be amended, modified, supplemented or restated from time to time.

(c) The effect of this Agreement is to amend and restate the Prior Agreement in its entirety, and to the extent that any rights, benefits or provisions in favor of Agent or any Purchaser existed in the Prior Agreement and continue to exist in this Agreement without any written waiver of any such rights, benefits or provisions prior to the date hereof, then such rights, benefits or provisions are acknowledged to be and to continue to be effective from and after April 27, 2007. This Agreement is not a novation.

(d) The parties hereto agree and acknowledge that any and all rights, remedies and payment provisions under the Prior Agreement, including, without limitation, any and all rights, remedies and payment provisions with respect to (i) any representation and warranty made or deemed to be made pursuant to the Prior Agreement, or (ii) any indemnification provision, shall continue and survive the execution and delivery of this Agreement.

(e) Except to the extent paid pursuant to the Closing Date Assignment Agreement, the parties hereto agree and acknowledge that any and all amounts owing as or for advances, Purchaser Yield, fees, expenses or otherwise under or pursuant to the Prior Agreement, immediately prior to the effectiveness of this Agreement shall be owing as or for advances, Purchaser Yield, fees, expenses or otherwise, respectively, under or pursuant to this Agreement.

(f) Each of the Seller Parties hereby fully and forever waives, releases, extinguishes and discharges Agent and the Purchasers from any and all claims, actions, complaints, causes of action, debts, costs and expenses, demands on suits, at law or in equity or in bankruptcy or otherwise, known or unknown, present or future, fixed or contingent, which any Seller Party, as applicable, may now have or claim to have against Agent or any Purchaser arising out of or relating to the Prior Agreement or the transactions contemplated thereby.

(g) Agent and the Purchasers acknowledge and agree that the Support Agreement, dated as of April 27, 2007, executed by Seller in favor of U.S. Bank National Association, as agent, is terminated, of no further force and effect and Seller has no liability to Agent or any Purchaser pursuant to the Support Agreement.

Section 14.18 Consent. Each of the parties hereto hereby consents to the Amended and Restated Receivables Sale Agreement, dated as of the date hereof, among Seller, Webster and PDSI, the Amended and Restated Subordinated Notes, dated as of the date hereof, executed in connection with the Amended and Restated Receivables Sale Agreement and the

Articles of Amendment to Seller's Articles of Organization filed contemporaneously with the execution and delivery of this Agreement.

(Signature Pages Follow)

WHEREOF, the parties hereto have caused this Agreement to be executed and delivered by their duly authorized officers as of the date hereof.

Conformed copy of agreement does not contain signatures as signatories only sign individual amendments.

EXHIBIT I
DEFINITIONS

As used in this Agreement, the following terms shall have the following meanings (such meanings to be equally applicable to both the singular and plural forms of the terms defined):

“2006 ESOP Note” means that certain ESOP Note dated September 11, 2006 payable by the Patterson Companies, Inc. Employee Stock Ownership Trust to the order of Patterson Companies, Inc., a Minnesota corporation, and its permitted successors and assigns (including, without limitation, a debtor in possession on its behalf) and certain of its domestic subsidiaries, in the original principal amount of \$105,000,000.00.

“3D Cone Receivable” means a Receivable originated by PDSI that arises from the sale or financing (or servicing) of 3D Cone Beam technology.

“3D Cone Beam Receivable” means a Receivable originated by PDSI that arises from the sale or financing of 3D Cone Beam technology.

“Accrual Period” means each Fiscal Month, provided that the initial Accrual Period hereunder means the period from (and including) the date hereof to (and including) the last day of the Fiscal Month thereafter.

“ACH Receipts” means funds received in respect of Automatic Debit Collections.

“Acquisition” means any transaction, or any series of related transactions, consummated on or after April 30, 2011, by which PDCo or any of its Subsidiaries (i) acquires any going concern business or all or substantially all of the assets of any Person, or division thereof, whether through purchase of assets, merger or otherwise or (ii) directly or indirectly acquires from one or more Persons (in one transaction or as the most recent transaction in a series of transactions) at least a majority (in number of votes) of the securities of a corporation which have ordinary voting power for the election of directors (other than securities having such power only by reason of the happening of a contingency) or a majority (by percentage or voting power) of the outstanding ownership interests of a partnership or limited liability company of any Person.

“Adverse Claim” means a lien, security interest, charge or encumbrance, or other right or claim in, of or on any Person’s assets or properties in favor of any other Person.

“Affiliate” means, with respect to any Person, any other Person directly or indirectly controlling, controlled by, or under direct or indirect common control with, such Person or any Subsidiary of such Person. A Person shall be deemed to control another Person if the controlling Person owns 10% or more of any class of voting securities of the controlled Person or possesses, directly or indirectly, the power to direct or cause the direction of the management or policies of the controlled Person, whether through ownership of stock, by contract or otherwise.

“Agent” has the meaning set forth in the preamble to this Agreement.

“Aggregate Capital” means, on any date of determination, the aggregate outstanding Capital of all Purchasers on such date.

“Aggregate Reduction” has the meaning set forth in Section 1.3.

“Aggregate Unpaid” means, at any time, an amount equal to the sum of all accrued and unpaid fees under any Fee Letter, Purchaser Yield, Aggregate Capital, Hedging Obligations and all other unpaid Obligations (whether due or accrued) at such time.

“Agreement” means this Amended and Restated Contract Purchase Agreement, as it may be amended, restated, supplemented or otherwise modified and in effect from time to time.

“Alternate Base Rate” means, for any day, a rate per annum equal to the greatest of (a) the Prime Rate in effect on such day, (b) the Federal Funds Effective Rate in effect on such day plus ½ of 1% and (c) the LIBO Rate for a one month period on such day (or if such day is not a Business Day, the immediately preceding Business Day) plus 1%, provided that, for the avoidance of doubt, the LIBO Rate for any day shall be based on the rate appearing on the Reuters BBA Libor Rates Page 3750 (or on any successor or substitute page of such page) at approximately 11:00 a.m. London time on such day. Any change in the Alternate Base Rate due to a change in the Prime Rate, the Federal Funds Effective Rate or the LIBO Rate shall be effective from and including the effective date of such change in the Prime Rate, the Federal Funds Effective Rate or the LIBO Rate, respectively.

“Amortization Date” means the earliest to occur of (i) the day on which any of the conditions precedent set forth in Section 6.2 are not satisfied, (ii) the Business Day immediately prior to the occurrence of an Amortization Event set forth in Section 9.1(d) (ii), (iii) the Business Day specified in a written notice from Agent following the occurrence of any other Amortization Event, (iv) the Business Day specified in a written notice from Agent following the failure to obtain the Required Ratings within 60 days following delivery of a Ratings Request to Seller and Servicer and (v) the date which is 5 Business Days after Agent’s receipt of written notice from Seller that it wishes to terminate the facility evidenced by this Agreement.

“Amortization Event” has the meaning set forth in Article IX.

“Applicable Collection Amount” means, with respect to any Settlement Date, (i) if the Amortization Date has not occurred, the aggregate amount of funds Servicer will apply on such Settlement Date in accordance with Section 2.2(c) and without giving effect to any Reserve Account Draw Amount and (ii) otherwise, \$0.

“Asset Portfolio” has the meaning set forth in Section 1.2(b).

“Assignment Agreement” has the meaning set forth in Section 12.1(b).

“Authorized Officer” means, with respect to any Person, its president, corporate controller, treasurer or chief financial officer.

“Automatic Debit Collection” means the payment of Collections by an Obligor by means of automatic electronic funds transfer from the Obligor’s bank account.

“Balloon Payment Receivable” means a Receivable that arises under a Contract that requires the final payment to be in an amount equal to 35% of the initial balance of such Receivable.

“Beneficial Ownership Regulation” means 31 C.F.R. § 1010.230.

“Broken Funding Costs” means for any Capital of any Purchaser which: (i) is reduced without compliance by Seller with the notice requirements hereunder or (ii) is otherwise transferred or terminated on the date prior to the date on which it was originally scheduled to end; an amount equal to the excess, if any, of (A) Purchaser Yield that would have accrued during the remainder of the Rate Tranche Periods subsequent to the date of such reduction, assignment, transfer, funding or termination of such Capital if such reduction, assignment, transfer, funding or termination had not occurred, over (B) the income, if any, actually received net of any costs of redeployment of funds during the remainder of such period by the holder of such Capital from investing the portion of such Capital not so allocated.

“Business Day” means any day on which banks are not authorized or required to close in New York, New York or Chicago, Illinois and The Depository Trust Company of New York is open for business, and, if the applicable Business Day relates to any computation or payment to be made with respect to the LIBO Rate, any day on which dealings in dollar deposits are carried on in the London interbank market.

“Capital” means at any time with respect to the Asset Portfolio and any Purchaser, an amount equal to (A) the amount of Cash Purchase Price paid by such Purchaser to Seller for Purchases pursuant to Sections 1.1 and 1.2, minus (B) the sum of the aggregate amount of Collections and other payments received by Agent or such Purchaser, as applicable, which in each case are applied to reduce such Purchaser’s Capital in accordance with the terms and conditions of this Agreement; provided that such Capital shall be restored (in accordance with Section 2.5) in the amount of any Collections or other payments so received and applied if at any time the distribution of such Collections or payments are rescinded, returned or refunded for any reason.

“Cap Strike Rate” means 3.25%, or such other applicable “cap strike rate” approved by Agent and specified as such in the applicable Hedging Agreement in effect at such time.

“Cash Purchase Price” means, with respect to any Purchase of any portion of the Asset Portfolio, the amount paid to Seller for such portion of the Asset Portfolio which shall not exceed the least of (i) the amount requested by Seller in the applicable Purchase Notice, (ii) the unused portion of the Purchase Limit on the applicable Purchase date, taking into account any other proposed Purchase requested on the applicable Purchase date and (iii) the excess, if any, of the Net Portfolio Balance (less the Credit Enhancement) on the applicable Purchase date over the aggregate outstanding amount of the Aggregate Capital determined as of the date of the most

recent Monthly Report, taking into account any other proposed Purchase requested on the applicable Purchase date.

“CEREC Receivable” means a Receivable originated by PDSI that arises from the sale or financing (or servicing) by PDSI of ceramic reconstruction machinery that was manufactured by or on behalf of Sirona Dental Systems, Inc.

“Certificate of Beneficial Ownership” means a certification regarding beneficial ownership of the applicant as required by the Beneficial Ownership Regulation.

“Change of Control” means (i) the acquisition by any Person, or two or more Persons acting in concert, of beneficial ownership (within the meaning of Rule 13d-3 of the Securities and Exchange Commission under the Securities Exchange Act of 1934) of 30% or more of the outstanding shares of voting stock of Servicer or (ii) PDCo ceases to own, directly or indirectly, 100% of the outstanding membership units of Seller or 100% of the outstanding capital stock of any Originator.

“Charged-Off Receivable” means a Receivable: (i) as to which the Obligor thereof has taken any action, or suffered any event to occur, of the type described in Section 9.1(d) (as if references to the Seller Party therein refer to such Obligor); (ii) as to which the Obligor thereof, if a natural person, is deceased, (iii) which, consistent with the Credit and Collection Policy, would be written off Seller’s books as uncollectible, (iv) which has been identified by Seller as uncollectible or (v) as to which any payment, or part thereof, remains unpaid for 180 days or more from the original due date for such payment.

“Closing Date Assignment Agreement” means that certain Assignment and Assumption Agreement, dated as of the date hereof, by and among Servicer, Seller, U.S. Bank National Association, Northern Trust and Agent, as amended, restated, supplemented or otherwise modified from time to time.

“Collection Account” means, collectively, each First-Tier Account and the Second-Tier Account.

“Collection Account Agreement” means (i) with respect to each Lock-Box or Collection Account, an agreement, substantially in the form of Exhibit VI, among an Originator (if applicable), Seller, Agent and a Collection Bank, or any similar or analogous agreement among an Originator, Seller, Agent and a Collection Bank and (ii) with respect to each P.O. Box, a Postal Notice, in each case as such document may be amended, restated, supplemented or otherwise modified from time to time.

“Collection Bank” means, at any time, any of the banks holding one or more Collection Accounts.

“Collection Notice” means a notice, in substantially the form of Annex A to Exhibit VI, from Agent to a Collection Bank, or any similar or analogous notice from Agent to a Collection Bank.

“Collections” means, with respect to any Receivable, all cash collections and other cash and other proceeds in respect of such Receivable, including, without limitation, all scheduled payments, prepayments, yield, Finance Charges or other related amounts accruing in respect thereof, all cash proceeds of Related Security with respect to such Receivable and all payments received pursuant to the Hedging Agreements.

“Commitment” means, for each Purchaser, the commitment of such Purchaser to Purchase portions of the Asset Portfolio from Seller in an amount not to exceed (i) in the aggregate, the amount set forth opposite such Purchaser’s name on Schedule A to this Agreement, as such amount may be modified in accordance with the terms hereof (including, without limitation, any termination of Commitments pursuant to Section 4.6 hereof) and (ii) with respect to any individual Purchase hereunder, its Pro Rata Share of the Cash Purchase Price therefor.

“Concentration Limit” means, at any time, for any Obligor, 2% of the aggregate Outstanding Balance of all Eligible Receivables, or such other amount (a “Special Concentration Limit”) for such Obligor designated by Agent and consented to by each Purchaser; provided, that in the case of an Obligor and any Affiliate of such Obligor, the Concentration Limit shall be calculated as if such Obligor and such Affiliate are one Obligor; and provided, further, that Agent may, upon not less than three Business Days’ notice to Seller, cancel any Special Concentration Limit.

“Consent Notice” has the meaning set forth in Section 4.6(a).

“Consent Period” has the meaning set forth in Section 4.6(a).

“Contingent Obligation” of a Person means any agreement, undertaking or arrangement by which such Person assumes, guarantees, endorses, contingently agrees to purchase or provide funds for the payment of, or otherwise becomes or is contingently liable upon, the obligation or liability of any other Person, or agrees to maintain the net worth or working capital or other financial condition of any other Person, or otherwise assures any creditor of such other Person against loss, including, without limitation, any comfort letter, operating agreement, take-or-pay contract or application for a letter of credit or the obligations of any such Person as general partner of a partnership with respect to the liabilities of the partnership.

“Contract” means, with respect to any Receivable, any and all instruments, agreements, invoices or other writings pursuant to which such Receivable arises or which evidences such Receivable.

“COVID-19 Deferred Payment Program” means PDSI’s program that permits Obligors to defer payments under their related Contract for a period of up to 90 days in connection with the COVID-19 Emergency.

“COVID-19 Emergency” means collectively, the public health emergency declared by the United States Secretary of Health and Human Services on January 27, 2020, with respect to

the 2019 Novel Coronavirus and all related federal and state emergency declarations and measures.

“COVID-19 Modifications” means, with respect to any COVID-19 Modified Receivable, each of the following modifications to the related Contract: (i) installment payments under the related Contract are deferred for a period of up to 90 days commencing on the date such Receivable first became a COVID-19 Modified Receivable and (ii) the deferred monthly installments are added to the end of the related Contract and payable in equal monthly installments.

“COVID-19 Modified Receivable” means a Receivable as to which the payment terms of the related Contract have been extended or modified in connection with the COVID-19 Deferred Payment Program.

“Credit Agreement” means the Amended and Restated Credit Agreement, dated on or about January 27, 2017 (as it may be amended, restated, supplemented or otherwise modified from time to time) by and among PDCo, the lenders from time to time party thereto, and MUFG Bank, Ltd., as administrative agent.

“Credit and Collection Policy” means Seller’s and/or the applicable Originator’s credit and collection policies and practices relating to Contracts and Receivables existing on the date of the Prior Agreement and summarized in Exhibit VIII hereto, as modified from time to time in accordance with this Agreement.

“Credit Enhancement” means, on any date, an amount equal to the product of (i) the Net Portfolio Balance as of the close of business of Servicer on such date, multiplied by (ii) the sum of (x) the greater of (a) 11.00% and (b) the product of the Loss Multiple multiplied by the average Loss-to-Liquidation Ratio for the immediately preceding four Fiscal Months plus (y) the average Dilution Ratio for the immediately preceding three Fiscal Months; *provided*, that during the Temporary Period, COVID-19 Modified Receivables shall be excluded from each component of the calculation of the Loss-to-Liquidation Ratio and Dilution Ratio.

“Deemed Collections” means the aggregate of all amounts Seller shall have been deemed to have received as a Collection of a Receivable. If at any time, (i) the Outstanding Balance of any Receivable is either (x) reduced as a result of any defective or rejected goods or services, any discount or any adjustment or otherwise by Seller or any Originator (other than cash Collections on account of the Receivables) or (y) reduced or canceled as a result of a setoff in respect of any claim by any Person (whether such claim arises out of the same or a related transaction or an unrelated transaction), (ii) any of the representations or warranties in Article V are no longer true with respect to any Receivable or (iii) the Related Equipment for any Receivable is Repossessed and sold for less than the fair market value of such Related Equipment, Seller shall be deemed to have received a Collection of such Receivable in the amount of (A) such reduction or cancellation in the case of clause (i) above, (B) the entire Outstanding Balance in the case of clause (ii) above and (C) the difference between the fair market value of the Repossessed Related Equipment and the gross proceeds received upon the sale of such Repossessed Related Equipment in the case of clause (iii) above.

“Deemed Exchange” shall have the meaning set forth in Section 1.5.

“Defaulted Receivable” means a Receivable as to which any payment, or part thereof, remains unpaid for 121 days or more from the original due date for such payment.

“Default Fee” means with respect to any amount due and payable by Seller in respect of any Aggregate Unpaid, an amount equal to the greater of (i) \$1000 and (ii) interest on any such unpaid Aggregate Unpaid at a rate per annum equal to 3.50% above the Alternate Base Rate.

“Default Ratio” means, as of the last day of each Fiscal Month, a percentage equal to: (i) the aggregate Outstanding Balance of all Defaulted Receivables on such day, divided by (ii) the aggregate Outstanding Balance of all Receivables on such day.

“Delinquency Ratio” means, at any time, a percentage equal to (i) the aggregate Outstanding Balance of all Receivables that were Delinquent Receivables at such time divided by (ii) the aggregate Outstanding Balance of all Receivables at such time.

“Delinquent Receivable” means a Receivable as to which any payment, or part thereof, remains unpaid for 61 days or more from the original due date for such payment.

“Designated Obligor” means an Obligor indicated by Agent to Seller in writing.

“Dilution Ratio” means, on any date, an amount equal to the product of (i) 6 multiplied by (ii) the quotient of (x) “non-cash full returns” and “non-cash partial returns” (each as set forth as a separate line item in the Monthly Report) divided by (y) the Outstanding Balance of all Receivables as of the first day of the current month.

“Discounted Receivable” means a Receivable that arises under a Contract pursuant to which the first installment payment thereunder is not required to be made until four (4) months after the contract inception; provided that such Receivable shall cease to be a Discounted Receivable after the date that is four (4) months after the contract inception and shall at all times thereafter be deemed to be a “Skip Receivable”; provided further, if the first six payments thereunder are made in full in consecutive months, such Receivable shall no longer be deemed to be a Skip Receivable.

“Discount Rate” means, the LIBO Rate or the Alternate Base Rate, as applicable, with respect to the Capital of each Purchaser.

“EagleSoft Computer Receivable” means a Receivable originated by PDSI or Webster that arises from the sale or financing of computer hardware equipment by PDSI or Webster. “EagleSoft Computer Receivables” may also be referred to as “Patterson Computer Receivables”.

“EagleSoft Software Receivable” means a Receivable originated by PDSI or Webster that arises from the sale, licensing or financing of computer software by PDSI or Webster.

“EagleSoft Software Receivable Discounted Balance” means, at any time, with respect to any EagleSoft Software Receivable, the discounted Outstanding Balance of such Receivable, which Outstanding Balance shall be discounted using a discount rate of 10%.

“EBITDA” means earnings before interest, taxes, depreciation and amortization.

“Eligible COVID-19 Modified Receivable” means, as of any date of determination, a COVID-19 Modified Receivable that satisfied each of the following criteria: (i) installment payments under the related Contract are not required to be made for a period of up to 90 days commencing on the date such Receivable first became a COVID-19 Modified Receivable, (ii) interest will continue to accrue under the related Contract during such deferral period, (iii) the monthly installment amount owing by the related Obligor during the related deferral period is \$0, (iv) the deferred monthly installments will be added to the end of the related Contract and payable in equal monthly installments, (v) such Receivable was not a Delinquent Receivable on the date it became a COVID-19 Modified Receivable, (vi) no payment, or part thereof, that was invoiced to the related Obligor prior to such Receivable becoming a COVID-19 Modified Receivable remains unpaid for 61 days or more from the original due date for such payment, (vii) the related Obligor has affirmatively elected to participate in the COVID-19 Deferred Payment Program by completing and submitting an application therefore to PDSI, (viii) such Receivable became a COVID-19 Modified Receivable not later than June 30, 2020, (ix) no more than three monthly installment payments in the aggregate are being deferred under the related Contract and (x) the Originator thereof is PDSI. No Receivable that is modified other than in accordance with the criteria set forth above shall be an Eligible COVID-19 Modified Receivable and any subsequent modification to an Eligible COVID-19 Modified Receivable shall cause such Receivable to cease being an Eligible COVID-19 Modified Receivable and instead become a Modified Receivable.

“Eligible Hedge Provider” means FTB or any financial institution approved by Agent.

“Eligible Receivable” means, at any time, a Receivable:

(i) the Obligor of which (a) if a natural person, is a resident of the United States or, if a corporation or other business organization, is organized under the laws of the United States or any political subdivision thereof and has its chief executive office in the United States; (b) is not an Affiliate of any of the parties hereto; (c) is not a Designated Obligor; and (d) is not a government or a governmental subdivision or agency,

(ii) the Obligor of which is not, and has not been, the Obligor of any Charged-Off Receivable or any Defaulted Receivable,

(iii) that is not a Charged-Off Receivable or a Defaulted Receivable,

(iv) that is not a Delinquent Receivable,

(v) that arises under a Contract that has not had any payment or other terms of such Contract extended, modified or waived other than, in the case of an Eligible COVID-19 Modified Receivable, the COVID-19 Modifications,

(vi) that is an “account” or “chattel paper” within the meaning of Article 9 of the UCC of all applicable jurisdictions,

(vii) that is denominated and payable only in United States dollars in the United States,

(viii) that arises under a Contract in substantially the form of one of the form contracts set forth on Exhibit IX hereto or otherwise approved by Agent in writing, which, together with such Receivable, is in full force and effect and constitutes the legal, valid and binding obligation of the related Obligor enforceable against such Obligor in accordance with its terms subject to no offset, counterclaim or other defense,

(ix) that arises under a Contract that (A) does not require the Obligor under such Contract to consent to the transfer, sale or assignment of the rights and duties of the applicable Originator or any of its assignees under such Contract, (B) does not contain a confidentiality provision that purports to restrict the ability of any Purchaser to exercise its rights under this Agreement, including, without limitation, its right to review the Contract and (C) at the time the payment is received the Contract is continuing and does not constitute a refund on a terminated Contract,

(x) that arises under a Contract that contains an obligation to pay a specified sum of money, contingent only upon the sale of goods or the provision of services by the applicable Originator,

(xi) that, together with the Contract related thereto, does not contravene any law, rule or regulation applicable thereto (including, without limitation, any law, rule and regulation relating to truth in lending, fair credit billing, fair credit reporting, equal credit opportunity, fair debt collection practices and privacy) and with respect to which no part of the Contract related thereto is in violation of any such law, rule or regulation,

(xii) that satisfies all applicable requirements of the Credit and Collection Policy,

(xiii) that was generated in the ordinary course of the applicable Originator’s business,

(xiv) that arises solely from the sale, licensing or financing of goods or the provision of services to the related Obligor by the applicable Originator, and not by any other Person (in whole or in part),

(xv) as to which Agent has not notified Seller that Agent has determined that such Receivable or class of Receivables is not acceptable as an Eligible

Receivable, including, without limitation, because such Receivable arises under a Contract that is not acceptable to Agent,

(xvi) that is not subject to any right of rescission, set-off, counterclaim, any other defense (including defenses arising out of violations of usury laws) of the applicable Obligor against the applicable Originator or any other Adverse Claim, and the Obligor thereon holds no right as against such Originator to cause such Originator to repurchase the goods or merchandise the sale of which shall have given rise to such Receivable (except with respect to sale discounts effected pursuant to the Contract, or defective goods returned in accordance with the terms of the Contract),

(xvii) that, (a) if such Receivable is a Discounted Receivable, the related Contract requires that payment in full of the Outstanding Balance of such Receivable be made not later than 64 months (or in the case of (x) a Large Receivable, not later than 88 months or (y) a Large Extended Discount Receivable, not later than 91 months) after the date such Receivable was originated; (b) if such Receivable is an Extended Discounted Receivable, the related Contract requires that payment in full of the Outstanding Balance of such Receivable be made not later than 73 months after the date such Receivable was originated; (c) if such Receivable is an EagleSoft Computer Receivable or EagleSoft Software Receivable, the related Contract requires that payment in full of the Outstanding Balance of such Receivable be made not later than 39 months after the date such Receivable was originated; (d) if such Receivable is a 3D Cone Beam Receivable, the related Contract requires that payment in full of the Outstanding Balance of such Receivable be made not later than 84 months after the date such Receivable was originated; (e) if such Receivable is a Large Receivable, the related Contract requires that payment in full of the Outstanding Balance of such Receivable be made not later than 85 months after the date such Receivable was originated and (f) otherwise, the related Contract requires that payment in full of the Outstanding Balance of such Receivable be made not later than 61 months after the date such Receivable was originated,

(xviii) as to which the applicable Originator has satisfied and fully performed all obligations on its part with respect to such Receivable required to be fulfilled by it, and no further action is required to be performed by any Person with respect thereto other than payment thereon by the applicable Obligor,

(xix) all right, title and interest to and in which has been validly transferred by the applicable Originator directly to Seller under and in accordance with the Receivables Sale Agreement, and Seller has good and marketable title thereto free and clear of any Adverse Claim,

(xx) that arises under a Contract that requires the Outstanding Balance of such Receivable to be paid in equal consecutive monthly installments; provided, however, any delay in or deferral of the payment of the first installment payment of a Discounted Receivable or an Extended Discounted Receivable shall not cause such Receivable to be ineligible pursuant to this clause (xx) so long as all installment

payments after the first installment payment are to be paid in equal consecutive monthly installments,

(xxi) that, if such Receivable is a Veterinary Receivable, the Outstanding Balance thereof, when added to the Outstanding Balance of all other Veterinary Receivables, does not exceed 10% of the aggregate Outstanding Balance of all Eligible Receivables,

(xxii) that is not (a) a Balloon Payment Receivable or (b) a Modified Receivable that does not constitute an Eligible COVID-19 Modified Receivable,

(xxiii) that, if such Receivable is an EagleSoft Software Receivable, the Outstanding Balance thereof, when added to the Outstanding Balance of all other EagleSoft Software Receivables, does not exceed 3% of the aggregate Outstanding Balance of all Eligible Receivables,

(xxiv) that, if such Receivable is an EagleSoft Computer Receivable (also referred to as a “Patterson Computer Receivable”), the Outstanding Balance thereof, when added to the Outstanding Balance of all other EagleSoft Computer Receivables, does not exceed 2% of the aggregate Outstanding Balance of all Eligible Receivables,

(xxv) that if such Receivable is a Large Receivable for which the related Contract requires that payment in full of the Outstanding Balance of such Receivable be made later than 64 months after the date such Receivable was originated, the Outstanding Balance thereof when added to the Outstanding Balance of all other such Large Receivables, does not exceed 15% of the aggregate Outstanding Balance of all Eligible Receivables,

(xxvi) that if such Receivable is a Discounted Receivable, the Outstanding Balance thereof when added to the Outstanding Balance of all other such Discounted Receivables, does not exceed 5% of the aggregate Outstanding Balance of all Eligible Receivables,

(xxvii) that if such Receivable is an Extended Discounted Receivable, (a) the Outstanding Balance thereof when added to the Outstanding Balance of all other such Extended Discounted Receivables, does not exceed 10% of the aggregate Outstanding Balance of all Eligible Receivables and (b) the Obligor thereof has a credit score of 720 or higher from TransUnion or Experian,

(xxviii) that, together with the related Contract, has not been sold, assigned or pledged by the applicable Originator or Seller, except pursuant to the terms of the Receivables Sale Agreement and this Agreement,

(xxix) that if such Receivable is an EagleSoft Software Receivable, the Obligor thereof has made at least three payments on such Receivable,

(xxx) the Obligor of which is not (a) with respect to (x) any Obligor that (A) has a credit score of 720 or higher from TransUnion or Experian, (B) has five years of payment history with the Servicer and its Affiliates, (C) has a supply account and finance account that is current and (D) is purchasing monthly from the Servicer and its Affiliates and is not subject to any purchase restrictions, the Obligor of other Receivables with an aggregate Outstanding Balance in excess of \$750,000 or (y) with respect to any other Obligor, the Obligor of other Receivables with an aggregate Outstanding Balance in excess of \$500,000 or (b) the Group Practice Obligor of other Receivables with an aggregate Outstanding Balance in excess of \$700,000,

(xxxii) with respect to which there is only one executed copy of the related Contract, which may be executed in counterparts and received by facsimile or electronic mail, and which will, together with the related records be held by Servicer as bailee of Agent and the Purchasers, and no other custodial agreements are in effect with respect thereto,

(xxxiii) that excludes residual value and any maintenance component,

(xxxiv) that if such Receivable is a Discounted Receivable or a Skip Receivable, the Outstanding Balance thereof when added to the Outstanding Balance of all other such Discounted Receivables and Skip Receivables, does not exceed 10% of the aggregate Outstanding Balance of all Eligible Receivables,

(xxxv) that if such Receivable is an Extended Skip Receivable, the Outstanding Balance thereof when added to the Outstanding Balance of all other such Extended Skip Receivables, does not exceed 10% of the aggregate Outstanding Balance of all Eligible Receivables,

(xxxvi) that if such Receivable is an Extended Skip Receivable, no required payment, or part thereof, in connection with such Receivable remains unpaid for 30 days or more from the original due date for such payment,

(xxxvii) that if such Receivable is a Special Market Receivable, the Outstanding Balance thereof when added to the Outstanding Balance of all other such Special Market Receivables, does not exceed 5% of the aggregate Outstanding Balance of all Eligible Receivables,

(xxxviii) that if such Receivable is a Large Extended Discount Receivable, the Outstanding Balance thereof when added to the Outstanding Balance of all other such Large Extended Discount Receivable, does not exceed 2.5% of the aggregate Outstanding Balance of all Eligible Receivables, and

(xxxix) that if such Receivable is a Large Individual Obligor Receivable, the Outstanding Balance thereof when added to the Outstanding Balance of all other such Large Individual Obligor Receivable, does not exceed 5% of the aggregate Outstanding Balance of all Eligible Receivables.

“**ERISA**” means the Employee Retirement Income Security Act of 1974, as amended from time to time.

“**ESOP**” means the Patterson Companies, Inc. Employee Stock Ownership Plan, as amended and restated effective May 1, 2011, as amended.

“**Excess Spread**” means, as of the last day of any Fiscal Month, the sum of (i) the weighted average annual percentage rate accruing on the Receivables, minus (ii) 1%, minus (iii) the Cap Strike Rate, minus (iv) the Program Fee Rate (as defined in each Fee Letter).

“**Extended Discounted Receivable**” means a Receivable that arises under a Contract pursuant to which the first installment payment thereunder is required to be made at least five (5) months, but not more than twelve (12) months, after the contract inception; provided that such Receivable shall cease to be an Extended Discounted Receivable after the date on which the first installment payment thereunder is required to be paid and shall at all times thereafter be deemed to be an “Extended Skip Receivable”; provided further, if the first six payments thereunder are made in full in consecutive months, such Receivable shall no longer be deemed to be an “Extended Skip Receivable.”

“**Extended Skip Receivable**” has the meaning set forth in the definition of “Extended Discounted Receivable”.

“**Extension Notice**” has the meaning set forth in Section 4.6(a).

“**Facility**” means the facility providing for Seller to sell the Asset Portfolio as provided in this Agreement.

“**Facility Account**” means the account numbered 7024149366 maintained by Seller in the name of “PDC Funding Company II, LLC” at FTB, together with any successor account or sub-account.

“**Facility Termination Date**” means the earliest of (i) the Purchase Termination Date and (ii) the Amortization Date.

“**Federal Bankruptcy Code**” means Title 11 of the United States Code entitled “Bankruptcy,” as amended and any successor statute thereto.

“**Federal Funds Effective Rate**” means for any day, the weighted average (rounded upwards, if necessary, to the next 1/100 of 1%) of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers, as published on the next succeeding Business Day by the Federal Reserve Bank of New York, or, if such rate is not so published for any day that is a Business Day, the average (rounded upwards, if necessary, to the next 1/100 of 1%) of the quotations for such day for such transactions received by Agent from three Federal funds brokers of recognized standing selected by it. Notwithstanding the foregoing, if any Purchaser is borrowing overnight funds on any day from a Federal Reserve Bank to make or maintain such Purchaser’s funding of all or any portion of the

Asset Portfolio hereunder, the Federal Funds Effective Rate, at the option of such Purchaser, for such Purchaser shall be the average rate per annum at which such overnight borrowings are made on any such day. Each determination of the Federal Funds Effective Rate shall be conclusive and binding on Seller and the Seller Parties, except in the case of manifest error.

“Fee Letter” means the letter agreement dated as of the date hereof (as amended, restated, supplemented, or otherwise modified from time to time) between Seller and FTB.

“Final Payout Date” means the date following the Amortization Date on which the Aggregate Capital shall have been reduced to zero and all of the Aggregate Unpaid, Obligations and all other amounts then accrued or payable to Agent, the Purchasers and the other Indemnified Parties shall have been indefeasibly paid in full in cash.

“Finance Charge Collections” means Collections consisting of Finance Charges.

“Finance Charges” means, with respect to a Contract, any finance, interest, late payment charges or similar charges owing by an Obligor pursuant to such Contract.

“First-Tier Account” means each concentration account, depository account, lock-box account or similar account in which any Collections are collected or deposited, including, without limitation, by means of automatic funds transfer (other than the Second-Tier Account) and which is listed on Exhibit IV.

“Fiscal Month” means any of the twelve consecutive four week or five week accounting periods used by PDCo for accounting purposes which begin on the Sunday after the last Saturday in April of each year and ending on the last Saturday in April of the next year.

“FTB” has the meaning set forth in the Preliminary Statements to this Agreement.

“GAAP” means generally accepted accounting principles in effect in the United States of America as of the date of this Agreement, *provided*, that if there occurs after the date of this Agreement any change in GAAP that affects in any material respect the calculation of any amount described in Sections 9.1(f) or (m), Agent and Seller shall negotiate in good faith amendments to the provisions of this Agreement that relate to the calculation of such amounts with the intent of having the respective positions of Agent and the Purchasers and Seller after such change in GAAP conform as nearly as possible to their respective positions as of the date of this Agreement and, until any such amendments have been agreed upon, the amounts described in Sections 9.1(f) or (m) shall be calculated as if no such change in GAAP has occurred.

“Group Practice” means a dental practice with four or more offices and/or \$200,000 in annual merchandise purchases.

“Group Practice Obligor” means an Obligor to which PDCo will extend credit without a personal guaranty of the dentists within the Group Practice.

“Hedge Floating Amount” means, with respect to any Hedging Agreement, all amounts owing to Seller under, and any other Collections with respect to, such Hedging Agreement.

“Hedge Provider” means any Person that enters into a Hedging Agreement with Seller.

“Hedge Provider Downgrade” means, with respect to any Hedge Provider, other than FTB, the unsecured, unguaranteed, long-term debt rating of any Hedge Provider under its then current Hedging Agreement, if any, is reduced below A- or withdrawn by S&P or below A3 or withdrawn by Moody’s.

“Hedging Agreement” means an interest rate cap agreement in form and substance satisfactory to Agent, entered into by Seller (and pledged to Agent, for the ratable benefit of the Purchasers), as the same may from time to time be supplemented, amended, extended, replaced or otherwise modified, in each case, in accordance with Section 7.3(d)(C); provided that (i) at the time such transaction is entered into, the Hedge Provider thereunder is an Eligible Hedge Provider, (ii) Seller shall have no payment obligations nor any Hedging Obligations under such transaction other than the payment of up-front premiums to the Eligible Hedge Provider (and on or prior to the date of such Hedging Agreement all such premiums payable by Seller during the scheduled term of such Hedging Agreement shall have been duly paid in full in advance), (iii) the notional amount with respect to such Hedging Agreement shall be an amount at all times satisfactory to Agent, which amount shall be equal to the aggregate amount of all Commitments hereunder until otherwise specified by Agent to Seller and (iv) the documentation governing such hedge transaction shall be in form and substance satisfactory to Agent.

“Hedging Obligations” means all amounts payable to a Hedge Provider under such Hedge Provider’s Hedging Agreement, including, without limitation, the accrued fixed amount under such Hedging Agreement and all breakage costs associated with the termination of such Hedging Agreement.

“Indebtedness” of a Person means such Person’s (i) obligations for borrowed money, (ii) obligations representing the deferred purchase price of property or services (other than accounts payable arising in the ordinary course of such Person’s business payable on terms customary in the trade), (iii) obligations, whether or not assumed, secured by liens or payable out of the proceeds or production from property now or hereafter owned or acquired by such Person, (iv) obligations which are evidenced by notes, acceptances, or other instruments, (v) capitalized lease obligations, (vi) net liabilities under interest rate swap, exchange or cap agreements, (vii) Contingent Obligations and (viii) liabilities in respect of unfunded vested benefits under plans covered by Title IV of ERISA.

“Independent Governor” shall mean a member of the Board of Governors of Seller who (i) shall not have been at the time of such Person’s appointment or at any time during the preceding five years, and shall not be as long as such Person is a governor of Seller, (A) a director, officer, employee, partner, shareholder, member, manager, governor or Affiliate of any of the following Persons (collectively, the “Independent Parties”): Servicer, any Patterson Entity, or any of their respective Subsidiaries or Affiliates (other than Seller), (B) a supplier to any of the Independent Parties, (C) a Person controlling or under common control with any partner, shareholder, member, manager, governor, Affiliate or supplier of any of the Independent Parties, or (D) a member of the immediate family of any director, officer, employee, partner, shareholder, member, manager, Affiliate or supplier of any of the Independent Parties; (ii) has

prior experience as an independent director or governor for a corporation or limited liability company whose charter documents required the unanimous consent of all independent directors or governors thereof before such corporation or limited liability company could consent to the institution of bankruptcy or insolvency proceedings against it or could file a petition seeking relief under any applicable federal or state law relating to bankruptcy and (iii) has at least three years of employment experience with one or more entities that provide, in the ordinary course of their respective businesses, advisory, management or placement services to issuers of securitization or structured finance instruments, agreements or securities and is employed by any such entity.

“Indemnified Amounts” has the meaning set forth in Section 10.1.

“Indemnified Party” has the meaning set forth in Section 10.1.

“Intercreditor Agreement” means the Amended and Restated Intercreditor Agreement, dated as of April 27, 2007, by and among Agent, The Bank of Tokyo Mitsubishi UFJ, Ltd., as agent under that certain Third Amended and Restated Receivables Purchase Agreement dated December 3, 2010, PDCo, PDSI, Webster and Seller, as amended by Amendment #1 thereto, dated as of December 3, 2010 and as amended by Amendment #2 thereto, dated as of the date hereof, and as the same may be further amended, restated supplemented or otherwise modified from time to time.

“Interest Expense Coverage Ratio” shall have the meaning assigned to such term in the Credit Agreement, including all defined terms used within such term which defined terms and definitions thereof are incorporated by reference herein; provided, however, that in the event the Credit Agreement is terminated or such defined term is no longer used in the Credit Agreement, the respective meaning assigned to such term immediately preceding such termination or non-usage shall be used for purposes of this Agreement. If, after the date hereof, the Interest Expense Coverage Ratio maintenance covenant set forth in Section 6.21 of the Credit Agreement (or any of the defined terms used in connection with such covenant (including the term “Interest Expense Coverage Ratio”)) is amended, modified or waived, then the test set forth in this Agreement or the defined terms used therein, as applicable, shall, for all purposes of this Agreement, automatically and without further action on the part of any Person, be deemed to be also so amended, modified or waived, if at the time of such amendment, modification or waiver, (i) each Purchaser Agent and the Agent is a party to the Credit Agreement and (ii) such amendment, modification or waiver is consummated in accordance with the terms of the Credit Agreement.

“JPMorgan” means JPMorgan Chase Bank, N.A. in its individual capacity and its successors and assigns.

“Large Extended Discount Receivable” means a Receivable that is both a Large Receivable and an Extended Discounted Receivable with an original term of 84 months.

“Large Individual Obligor Receivable” means any Receivable owing by an Obligor that (i) is not a Group Practice Obligor and (ii) is the Obligor of Receivables (inclusive of such Receivable) with an aggregate Outstanding Balance in excess of \$500,000.

“Large Receivable” means (i) each Receivable, the initial Outstanding Balance of such Receivable on the date it was originated was not less than \$75,000, (ii) each 3D Cone Beam Receivable that was originated on or prior to November 30, 2012 and (iii) each CEREC Receivable that was originated on or prior to November 30, 2012.

“Legal Maturity Date” means the two-year anniversary of the due date of the latest maturing Receivable in the Asset Portfolio on the date of the occurrence of the Amortization Date.

“Leverage Ratio” shall have the meaning assigned to such term in the Credit Agreement, including all defined terms used within such term which defined terms and definitions thereof are incorporated by reference herein; provided, however, that in the event the Credit Agreement is terminated or such defined term is no longer used in the Credit Agreement, the respective meaning assigned to such term immediately preceding such termination or non-usage shall be used for purposes of this Agreement. If, after the date hereof, the Leverage Ratio maintenance covenant set forth in Section 6.20 of the Credit Agreement (or any of the defined terms used in connection with such covenant (including the term “Leverage Ratio”)) is amended, modified or waived, then the test set forth in this Agreement or the defined terms used therein, as applicable, shall, for all purposes of this Agreement, automatically and without further action on the part of any Person, be deemed to be also so amended, modified or waived, if at the time of such amendment, modification or waiver, (i) each Purchaser Agent and the Agent is a party to the Credit Agreement and (ii) such amendment, modification or waiver is consummated in accordance with the terms of the Credit Agreement.

“LIBO Rate” means the rate per annum equal to the sum of (a) the applicable British Bankers’ Association Interest Settlement Rate for deposits in U.S. dollars appearing on Reuters Screen LIBOR01 as of 11:00 a.m. (London time) two Business Days prior to the first day of the relevant Rate Tranche Period, and having a maturity equal to the greater of (i) Rate Tranche Period, provided that, if Reuters Screen LIBOR01 is not available to Agent for any reason, the applicable LIBO Rate for the relevant Rate Tranche Period shall instead be the applicable British Bankers’ Association Interest Settlement Rate for deposits in U.S. dollars as reported by any other generally recognized financial information service as of 11:00 a.m. (London time) two Business Days prior to the first day of such Rate Tranche Period, and having a maturity equal to such Rate Tranche Period, and (ii) if no such British Bankers’ Association Interest Settlement Rate is available to Agent, the applicable LIBO Rate for the relevant Rate Tranche Period shall instead be the rate determined by Agent from another recognized source for interbank quotation reasonably acceptable to Seller at approximately 11:00 a.m. (London time) two Business Days prior to the first day of such Rate Tranche Period, in the approximate amount to be funded at the LIBO Rate and having a maturity equal to such Rate Tranche Period, and (b) 0.50%. The LIBO Rate shall be rounded, if necessary, to the next higher 1/16 of 1%.

“Lock-Box” means each locked postal box with respect to which a bank who has executed a Collection Account Agreement has been granted exclusive access for the purpose of retrieving and processing payments made on the Receivables and which is listed on Exhibit IV.

“Loss Multiple” means (i) 3.5 if the Leverage Ratio is less than or equal to 3.0x and (ii) 4.5 if the Leverage Ratio is greater than 3.0x.

“Loss-to-Liquidation Ratio” means, on any date, an amount equal to the quotient of (i) the Loss Amount divided by (ii) the sum of (x) the total Collections that reduce the Outstanding Balance on the Receivables during the immediately preceding Fiscal Month, plus (y) the Loss Amount,

where:

Loss Amount = The positive number representing the difference between (i) the Outstanding Balance of all Receivables which became Defaulted Receivables during the immediately preceding Fiscal Month minus (ii) the Outstanding Balance of all Receivables which ceased to continue to be Defaulted Receivables (solely as a consequence of any Obligor making a payment on any Defaulted Receivable) during the immediately preceding Fiscal Month. The Loss Amount shall not be less than “zero”.

“Material Adverse Effect” means a material adverse effect on (i) the financial condition or operations of any Seller Party and its Subsidiaries, (ii) the ability of any Seller Party to perform its obligations under this Agreement or the Performance Provider to perform its obligations under the Performance Undertaking, (iii) the legality, validity or enforceability of this Agreement or any other Transaction Document, (iv) any Purchaser’s interest in the Receivables generally or in any significant portion of the Receivables, the Related Security or the Collections with respect thereto, or (v) the collectibility of the Receivables generally or of any material portion of the Receivables.

“Modified Receivable” means a Receivable as to which the payment terms of the related Contract have been extended or modified for credit reasons since the origination of such Receivable.

“Monthly Report” means a report, in substantially the form of Exhibit X hereto (appropriately completed), furnished by Servicer to Agent and each Purchaser pursuant to Section 8.5.

“Moody’s” means Moody’s Investors Service, Inc.

“Net Portfolio Balance” means, at any time, the aggregate Outstanding Balance of all Eligible Receivables at such time reduced by (i) the aggregate amount by which the Outstanding Balance of all Eligible Receivables of each Obligor and its Affiliates exceeds the Concentration Limit for such Obligor and (ii) the excess of the aggregate Outstanding Balance of all Eligible Receivables that are EagleSoft Software Receivables over the aggregate EagleSoft Software Receivable Discounted Balance of all such Receivables.

“Non-Renewing Purchaser” has the meaning set forth in Section 4.6(a).

“Obligations” shall have the meaning set forth in Section 2.1.

“Obligor” means a Person obligated to make payments pursuant to a Contract.

“Off-Balance Sheet Liability” of a Person means the principal component of (i) any repurchase obligation or liability of such Person with respect to accounts or notes receivable sold by such Person, (ii) any liability under any sale and leaseback transaction which is not a capitalized lease, (iii) any liability under any so-called “synthetic lease” or “tax ownership operating lease” transaction entered into by such Person, (iv) any receivables purchase or financing facility or (v) any obligation arising with respect to any other transaction which is the functional equivalent of or takes the place of borrowing but which does not constitute a liability on the consolidated balance sheets of such Person, but excluding from this clause (v) all operating leases.

“Originated Receivable” means all indebtedness and other obligations owed to Seller or an Originator (at the time it arises, and before giving effect to any transfer or conveyance under the Receivables Sale Agreement or hereunder) or in which Seller or an Originator has a security interest or other interest, including, without limitation, any indebtedness, obligation or interest constituting an account, chattel paper, instrument or general intangible, arising in connection with the sale, licensing or financing of goods or the rendering of services by an Originator, and further includes, without limitation, the obligation to pay any Finance Charges with respect thereto. Indebtedness and other rights and obligations arising from any one transaction, including, without limitation, indebtedness and other rights and obligations represented by an individual invoice, shall constitute an Originated Receivable separate from an Originated Receivable consisting of the indebtedness and other rights and obligations arising from any other transaction; provided further, that any indebtedness, rights or obligations referred to in the immediately preceding sentence shall be an Originated Receivable regardless of whether the account debtor, any Originator or Seller treats such indebtedness, rights or obligations as a separate payment obligation.

“Originator” means each of PDSI and Webster, in their respective capacities as seller under the Receivables Sale Agreement and any other seller from time to time party thereto.

“Outstanding Balance” of any Receivable at any time means the then outstanding principal balance thereof.

“Participant” has the meaning set forth in Section 12.2.

“Patterson Entity” means each of PDCo and each Originator and their respective successors and assigns.

“Payment Instruction” has the meaning set forth in Section 1.4.

“PDCo” has the meaning set forth in the preamble to this Agreement.

“PDSI” means Patterson Dental Supply, Inc., a Minnesota corporation, together with its successors and assigns.

“Performance Provider” means PDCo in its capacity as Provider under the Performance Undertaking.

“Performance Undertaking” means that certain Performance Undertaking, dated as of the date hereof, by Performance Provider in favor of Seller, substantially in the form of Exhibit XI, as the same may be amended, restated, supplemented or otherwise modified from time to time.

“Permitted Investments” means (a) evidences of indebtedness maturing within thirty days after the date of loan thereof, issued by, or guaranteed by the full faith and credit of, the federal government of the United States, (b) repurchase agreements with banking institutions or broker-dealers registered under the Securities Exchange Act of 1934 which are fully secured by obligations of the kind specified in clause (a), (c) money market funds (i) rated not lower than the highest rating category from Moody’s and “AAA m” or “AAAm-g,” from S&P or (ii) which are otherwise acceptable to Agent or (d) commercial paper issued by any corporation incorporated under the laws of the United States and rated at least “A-1+” (or the equivalent) by S&P and at least “P-1” (or the equivalent) by Moody’s.

“Person” means an individual, partnership, corporation (including a business trust), limited liability company, joint stock company, trust, unincorporated association, joint venture or other entity, or a government or any political subdivision or agency thereof.

“P.O. Box” means a locked postal box located in a United States post office to which Obligors remit payments of Receivables.

“Postal Notice” means a notice from Patterson Companies, Inc. directing the United States post office where any P.O. Box is located to transfer control of such P.O. Box to Agent, which notice shall be substantially in the form of Exhibit XII.

“Potential Amortization Event” means an event which, with the passage of time or the giving of notice, or both, would constitute an Amortization Event.

“Prior Agreement” has the meaning set forth in the Preliminary Statements to this Agreement.

“Prime Rate” means a rate per annum equal to the prime rate of interest announced from time to time by FTB or its parent (which is not necessarily the lowest rate charged to any customer), changing when and as said prime rate changes.

“Principal Collections” means Collections other than Finance Charge Collections.

“Proposed Reduction Date” has the meaning set forth in Section 1.3.

“Pro Rata Share” means, for each Purchaser, a percentage equal to (i) the Commitment of such Purchaser, divided by (ii) the aggregate amount of all Commitments of all Purchasers.

“Purchase” has the meaning set forth in Section 1.1(a).

“Purchase Limit” means \$100,000,000, as such amount may be modified in accordance with the terms of Section 4.6(b).

“Purchase Notice” has the meaning set forth in Section 1.2(a).

“Purchase Termination Date” means July 31, 2020, as extended by mutual agreement of Seller, Agent and one or more Purchasers.

“Purchasers” has the meaning set forth in the preamble in this Agreement.

“Purchaser Yield” means for each respective Rate Tranche Period relating to any Capital (or portion thereof) of any of the Purchasers, an amount equal to the product of the applicable Discount Rate for such Capital (or portion thereof) multiplied by the Capital (or portion thereof) of such Purchaser for each day elapsed during such Rate Tranche Period, annualized on a 360 day basis.

“Purchasing Purchaser” has the meaning set forth in Section 12.1(b).

“Qualified Acquisition” means any acquisition of either or both the capital stock or assets of any Person or Persons (or any portion thereof), or the last to occur of a series of such acquisitions consummated within a period of six consecutive months, if the aggregate amount of indebtedness incurred by the PDCo and its Subsidiaries to finance the purchase price of, or assumed by one or more of them in connection with the acquisition of, such stock and property is at least \$100,000,000.

“Rams Acquisition” means the acquisition by Patterson Companies, Inc. of Animal Health International, Inc. pursuant to an Agreement and Plan of Merger dated as of May 2, 2015 (as amended, supplemented or modified from time to time) by and among Patterson Companies, Inc., Rams Merger Sub, Inc. and Animal Health International, Inc.

“Rate Tranche Period” means, with respect to any portion of the Asset Portfolio held by a Purchaser:

(a) if Purchaser Yield for any portion of such Purchaser’s Capital is calculated on the basis of the LIBO Rate, a period of one month, or such other period as may be mutually agreeable to the applicable Purchaser and Seller (but not to exceed 90 days), commencing on a Business Day selected by Seller or the applicable Purchaser pursuant to this Agreement. Such Rate Tranche Period shall end on the day in the applicable succeeding calendar month which corresponds numerically to the beginning day of such Rate Tranche Period, provided, however, that if there is no such numerically corresponding day in such succeeding month, such Rate Tranche Period shall end on the last Business Day of such succeeding month; or

(b) if Purchaser Yield for any portion of such Purchaser's Capital is calculated on the basis of the Alternate Base Rate, a period commencing on a Business Day selected by Seller and agreed to by the applicable Purchaser, provided no such period shall exceed one month.

If any Rate Tranche Period would end on a day which is not a Business Day, such Rate Tranche Period shall end on the next succeeding Business Day, provided, however, that in the case of Rate Tranche Periods corresponding to the LIBO Rate, if such next succeeding Business Day falls in a new month, such Rate Tranche Period shall end on the immediately preceding Business Day. In the case of any Rate Tranche Period for any portion of any Purchaser's Capital which commences before the Amortization Date and would otherwise end on a date occurring after the Amortization Date, such Rate Tranche Period shall end on the Amortization Date. The duration of each Rate Tranche Period which commences after the Amortization Date shall be of such duration as selected by the applicable Purchaser.

"Ratings Request" has the meaning as specified in Section 10.2(c).

"Receivable" means at any time, each and every Originated Receivable that has been identified for sale to Seller in any Sale Assignment (as defined in the Receivables Sale Agreement), including all schedules thereto, delivered pursuant to Section 1.1(a)(ii) of the Receivables Sale Agreement.

"Receivables Sale Agreement" means that certain Receivables Sale Agreement, dated as of April 27, 2007, as amended by the Amended and Restated Receivables Sale Agreement dated August 12, 2011, by and among the Originators and Seller, as amended, restated, supplemented or otherwise modified from time to time.

"Records" means, with respect to any Receivable, all Contracts and other documents, books, records and other information (including, without limitation, computer programs, tapes, disks, punch cards, data processing software and related property and rights) relating to such Receivable, any Related Security therefor and the related Obligor.

"Reduction Notice" has the meaning set forth in Section 1.3.

"Regulatory Change" shall mean (i) the adoption after the date hereof of any applicable law, rule or regulation (including any applicable law, rule or regulation regarding capital adequacy) or any change therein after the date hereof, (ii) any change after the date hereof in the interpretation or administration thereof by any governmental authority, central bank or comparable agency charged with the interpretation or administration thereof, or compliance with any request or directive (whether or not having the force of law) of any such authority, central bank or comparable agency, or (iii) the compliance, whether commenced prior to or after the date hereof, by any Purchaser with the final rule titled Risk-Based Capital Guidelines; Capital Adequacy Guidelines; Capital Maintenance: Regulatory Capital; Impact of Modifications to Generally Accepted Accounting Principles; Consolidation of Asset-Backed Commercial Paper Programs; and Other Related Issues, adopted by the United States bank regulatory agencies on

December 15, 2009, or any rules or regulations promulgated in connection therewith by any such agency.

“Related Equipment” means with respect to any Receivable, the goods sold or licensed to or financed for the Obligor which sale, licensing or financing gave rise to such Receivable and all financing statements or other filings with respect thereto.

“Related Security” means, with respect to any Receivable:

(i) all of Seller’s interest in the Related Equipment or other inventory and goods (including returned or repossessed inventory or goods), if any, the sale, licensing or financing of which by the applicable Originator gave rise to such Receivable, and all insurance contracts with respect thereto,

(ii) all other security interests or liens and property subject thereto from time to time, if any, purporting to secure payment of such Receivable, whether pursuant to the Contract related to such Receivable or otherwise, together with all financing statements and security agreements describing any collateral securing such Receivable,

(iii) all guaranties, letters of credit, insurance, “supporting obligations” (within the meaning of Section 9-102(a) of the UCC of all applicable jurisdictions) and other agreements or arrangements of whatever character from time to time supporting or securing payment of such Receivable whether pursuant to the Contract related to such Receivable or otherwise,

(iv) all service contracts and other contracts and agreements associated with such Receivable,

(v) all Records related to such Receivable,

(vi) all of Seller’s right, title and interest in, to and under the Receivables Sale Agreement and the Performance Undertaking,

(vii) all of Seller’s right, title and interest in and to each Lock-Box, P.O. Box and Collection Account, and any and all agreements related thereto,

(viii) all of Seller’s right, title and interest in, to and under the Hedging Agreements,

(ix) all Collections in respect thereof, and

(x) all proceeds of such Receivable and any of the foregoing.

“Repossessed” means that, with respect to any Related Equipment, the applicable Originator or its agent has obtained possession, control and dominion of such Related Equipment from the related Obligor.

“Required Monthly Payments” means, as of any Settlement Date, an amount equal to (i) if such date is before the Amortization Date, the amount owing on such Settlement Date under clauses first and second of Section 2.2(c) and (ii) if such date is on and after the Amortization Date, the Aggregate Unpaid at such time.

“Required Purchasers” means, at any time, collectively, the Purchasers with Commitments in excess of 75% of the aggregate Commitments.

“Required Ratings” has the meaning as specified in Section 10.2(c).

“Reserve Account” means the account numbered 7029029258 maintained by Agent at the Reserve Account Bank, together with any successor account or sub-account.

“Reserve Account Bank” means FTB.

“Reserve Account Deficiency” means, at any time of determination, the excess, if any, of: (a) the Reserve Account Required Amount, over (b) the amount then on deposit in the Reserve Account.

“Reserve Account Draw Amount” means, with respect to any Settlement Date, the excess, if any, of (a) the Required Monthly Payments for the related Settlement Date, over (b) the Applicable Collection Amount for such Settlement Date.

“Reserve Account Required Amount” means (i) during the Temporary Period, \$800,000 and (ii) thereafter, \$0.

“Restricted Junior Payment” means (i) any dividend or other distribution, direct or indirect, on account of any shares of any class of membership units of Seller now or hereafter outstanding, except a dividend payable solely in shares of that class of membership units or in any junior class of membership units of Seller, (ii) any redemption, retirement, sinking fund or similar payment, purchase or other acquisition for value, direct or indirect, of any shares of any class of membership units of Seller now or hereafter outstanding, (iii) any payment or prepayment of principal of, premium, if any, or interest, fees or other charges on or with respect to, and any redemption, purchase, retirement, defeasance, sinking fund or similar payment and any claim for rescission with respect to the Subordinated Loans (as defined in the Receivables Sale Agreement), (iv) any payment made to redeem, purchase, repurchase or retire, or to obtain the surrender of, any outstanding warrants, options or other rights to acquire shares of any class of membership units of Seller now or hereafter outstanding, and (v) any payment of management fees by Seller (except for reasonable management fees to the Originators or their Affiliates in reimbursement of actual management services performed).

“RPA Deferred Purchase Price” has the meaning set forth in Section 1.6.

“S&P” means Standard & Poor’s Ratings Services, a division of The McGraw-Hill Companies, Inc.

“Second-Tier Account” means the account numbered 7024149366 maintained by Seller in the name of “PDC Funding Company II, LLC” at FTB, together with any successor account or sub-account.

“Seller” has the meaning set forth in the preamble to this Agreement.

“Seller Parties” has the meaning set forth in the preamble to this Agreement.

“Seller Party” has the meaning set forth in the preamble to this Agreement.

“Servicer” means at any time the Person (which may be Agent) then authorized pursuant to Article VIII to service, administer and collect Receivables.

“Servicing Fee” has the meaning set forth in Section 8.6.

“Settlement Date” means the 19th day of each calendar month, *provided, however*, that on and after the occurrence and continuation of any Amortization Event, the Settlement Date with respect to any portion of Capital shall be the date selected as such by the Agent from time to time (it being understood that the Agent may select such Settlement Date to occur as frequently as daily) or, if such day is not a Business Day, then the first Business Day thereafter.

“Settlement Period” means each Accrual Period, *provided, however*, that on and after the occurrence and continuation of any Amortization Event, the Settlement Period with respect to any portion of Capital shall be the period commencing on the last day of the previous Settlement Period and ending such number of days later as may be selected by the Agent (it being understood that the Agent may select such Settlement Period to occur as frequently as daily).

“Skip Receivable” has the meaning set forth in the definition of “Discounted Receivable”.

“Special Market Receivables” means any Receivable for which the Obligor is a Group Practice Obligor.

“Subsidiary” of a Person means (i) any corporation more than 50% of the outstanding securities having ordinary voting power of which shall at the time be owned or controlled, directly or indirectly, by such Person or by one or more of its Subsidiaries or by such Person and one or more of its Subsidiaries, or (ii) any partnership, association, limited liability company, joint venture or similar business organization more than 50% of the ownership interests having ordinary voting power of which shall at the time be so owned or controlled. Unless otherwise expressly provided, all references herein to a “Subsidiary” shall mean a Subsidiary of Seller.

“Temporary Period” means the period beginning on May 19, 2020 and ending on the Settlement Date occurring in August 2020.

“Terminating Commitment Availability” means, with respect to any Terminating Purchaser, the positive difference (if any) between (a) an amount equal to the Commitment (without giving effect to clause (iii) of the proviso to the penultimate sentence of Section 4.6(b))

of such Terminating Purchaser, minus an amount equal to 2% of such Commitment, minus (b) the Capital funded by such Terminating Purchaser.

“Terminating Purchaser” has the meaning set forth in Section 4.6(b).

“Terminating Rate Tranche” has the meaning set forth in Section 4.3(b).

“Termination Date” has the meaning set forth in Section 2.2(d).

“Termination Percentage” has the meaning set forth in Section 2.2(d).

“Thompson Note” means that certain Promissory Note dated April 1, 2002 payable by GreatBanc Trust Company, solely in its capacity as trustee of the Thompson Dental Company Employee Stock Ownership Plan and Trust, to the order of Thompson Dental Company, in the original principal amount of \$12,611,503.67.

“Transaction Documents” means, collectively, this Agreement, the Prior Agreement, each Purchase Notice, the Receivables Sale Agreement, the Performance Undertaking, the Intercreditor Agreement, each Collection Account Agreement, the Hedging Agreements, each Fee Letter, the Subordinated Note (as defined in the Receivables Sale Agreement), the Closing Date Assignment Agreement and all other instruments, documents and agreements executed and delivered in connection herewith or in connection with the Prior Agreement, in each case, as amended, restated, supplemented or otherwise modified from time to time.

“Twelfth Amendment Date” means August 2, 2019.

“UCC” means the Uniform Commercial Code as from time to time in effect in the specified jurisdiction.

“Veterinary Receivable” means a Receivable arising from the sale or financing by Webster of veterinary equipment.

“Webster” means Webster Veterinary Supply, Inc., a Minnesota corporation, together with its successors and assigns.

All accounting terms defined directly or by incorporation in this Agreement or the Receivables Sale Agreement shall have the defined meanings when used in any certificate or other document delivered pursuant thereto unless otherwise defined therein. For purposes of this Agreement, the Receivables Sale Agreement and all such certificates and other documents, unless the context otherwise requires: (a) accounting terms not specifically defined herein shall be construed in accordance with GAAP; (b) all terms used in Article 9 of the UCC in the State of Illinois, and not specifically defined herein, are used herein as defined in such Article 9; (c) references to any amount as on deposit or outstanding on any particular date means such amount at the close of business on such day; (d) the words “hereof,” “herein” and “hereunder” and words of similar import refer to such agreement (or the certificate or other document in which they are used) as a whole and not to any particular provision of such agreement (or such certificate or document); (e) references to any Section are references to such Section in such

agreement (or the certificate or other document in which the reference is made), and references to any paragraph, subsection, clause or other subdivision within any Section or definition refer to such paragraph, subsection, clause or other subdivision of such Section or definition; (f) the term “including” means “including without limitation”; (g) references to any law, rule, regulation, or directive of any governmental or regulatory authority refer to such law, rule, regulation, or directive, as amended from time to time and include any successor law, rule, regulation, or directive; (h) references to any agreement refer to that agreement as from time to time amended or supplemented or as the terms of such agreement are waived or modified in accordance with its terms; (i) references to any Person include that Person’s successors and assigns; (j) headings are for purposes of reference only and shall not otherwise affect the meaning or interpretation of any provision hereof; (k) unless otherwise provided, in the calculation of time from a specified date to a later specified date, the term “from” means “from and including”, and the terms “to” and “until” each means “to but excluding”; (l) terms in one gender include the parallel terms in the neuter and opposite gender; and (m) the term “or” is not exclusive.

PATTERSON COMPANIES, INC.
PATTERSON MEDICAL HOLDINGS, INC.
PATTERSON MEDICAL SUPPLY, INC.
PATTERSON DENTAL HOLDINGS, INC.
PATTERSON DENTAL SUPPLY, INC.
WEBSTER VETERINARY SUPPLY, INC.
WEBSTER MANAGEMENT, LP

\$325,000,000 Senior Notes

\$60,000,000 2.95% Senior Notes, Series A, due December 10, 2018
\$165,000,000 3.59% Senior Notes, Series B, due December 8, 2021
\$100,000,000 3.74% Senior Notes, Series C, due December 8, 2023

NOTE PURCHASE AGREEMENT

Dated as of December 8, 2011

SERIES A PPN: 70342@ ADO
SERIES B PPN: 70342@ AE8
SERIES C PPN: 70342@ AF5

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PATTERSON COMPANIES, INC.
PATTERSON MEDICAL HOLDINGS, INC.
PATTERSON MEDICAL SUPPLY, INC.
PATTERSON DENTAL HOLDINGS, INC.
PATTERSON DENTAL SUPPLY, INC.
WEBSTER VETERINARY SUPPLY, INC.
WEBSTER MANAGEMENT, LP
1031 Mendota Heights Road
St. Paul, MN 55120
(651) 686-1600
Fax: (651) 686-9331

\$325,000,000 Senior Notes

\$60,000,000 2.95% Senior Notes, Series A, due December 10, 2018
\$165,000,000 3.59% Senior Notes, Series B, due December 8, 2021
\$100,000,000 3.74% Senior Notes, Series C, due December 8, 2023

Dated as of December 8, 2011

TO EACH OF THE PURCHASERS LISTED IN
THE ATTACHED SCHEDULE A:

Ladies and Gentlemen:

PATTERSON COMPANIES, INC., a Minnesota corporation (the “Company”), PATTERSON MEDICAL HOLDINGS, INC., a Delaware corporation (“Medical Holdings”), PATTERSON MEDICAL SUPPLY, INC., a Minnesota corporation (“Patterson Medical”), PATTERSON DENTAL HOLDINGS, INC., a Minnesota corporation (“Dental Holdings”), PATTERSON DENTAL SUPPLY, INC., a Minnesota corporation (“PDSI”), WEBSTER VETERINARY SUPPLY, INC., a Minnesota corporation (“Webster”), and WEBSTER MANAGEMENT, LP, a Minnesota limited partnership (“Webster Management”), jointly and severally agree with you as follows:

1. AUTHORIZATION OF NOTES.

1.1 The Notes.

The Obligors have authorized the issue and sale of \$325,000,000 aggregate principal amount of its Senior Notes consisting of (i) \$60,000,000 aggregate principal amount of their 2.95% Senior Notes, Series A, due December 10, 2018 (the “Series A Notes”); (ii) \$165,000,000 aggregate principal amount of their 3.59% Senior Notes, Series B, due December 8, 2021 (the “Series B Notes”); and (iii) \$100,000,000 aggregate principal amount of their 3.74% Senior

Notes, Series C, due December 8, 2023 (the “Series C Notes” and, collectively with the Series A Notes and the Series B Notes, the “Notes,” such term to include any such notes issued in substitution therefor pursuant to Section 13 of this Agreement). The Notes shall be substantially in the forms set out in Exhibits 1(a) through 1(c), with such changes therefrom, if any, as may be approved by you and the Company. Certain capitalized terms used in this Agreement are defined in Schedule B; references to a “Schedule” or an “Exhibit” are, unless otherwise specified, to a Schedule or an Exhibit attached to this Agreement.

1.2 Additional Interest.

If the Debt to Adjusted EBITDA Ratio at any time exceeds 3.50 to 1.00, as evidenced by an Officer’s Certificate delivered pursuant to Section 7.2(a), the interest rate payable on the Notes shall be increased by 0.75% (the “Incremental Interest”). Such Incremental Interest shall begin to accrue on the first day of the fiscal quarter following the fiscal quarter in respect of which such Certificate was delivered, and shall continue to accrue until the Company has provided an Officer’s Certificate pursuant to Section 7.2(a) demonstrating that, as of the last day of the fiscal quarter in respect of which such Certificate is delivered, the Debt to Adjusted EBITDA Ratio is not more than 3.50 to 1.00. In the event such Officer’s Certificate is delivered, the Incremental Interest shall cease to accrue on the last day of the fiscal quarter in respect of which such Certificate is delivered.

2. SALE AND PURCHASE OF NOTES.

Subject to the terms and conditions of this Agreement, the Obligors will issue and sell to you and each of the other purchasers named in Schedule A (the “Other Purchasers”), and you and the Other Purchasers will purchase from the Obligors, at the Closing provided for in Section 3, Notes in the principal amount and series specified opposite your names in Schedule A at the purchase price of 100% of the principal amount thereof. Your obligation hereunder and the obligations of the Other Purchasers are several and not joint obligations and you shall have no liability to any Person for the performance or non-performance by any Other Purchaser hereunder.

3. CLOSING.

The sale and purchase of the Notes to be purchased by you and the Other Purchasers shall occur at the offices of Foley & Lardner LLP, 321 North Clark Street, Suite 2800, Chicago, Illinois 60654-5313, at 9:00 a.m., Chicago time, at a closing (the “Closing”) on December 8, 2011 or on such other Business Day thereafter on or prior to December 30, 2011 as may be agreed upon by the Company and you and the Other Purchasers. At the Closing the Obligors will deliver to you the Notes to be purchased by you in the form of a single Note (or such greater number of Notes in denominations of at least \$100,000 as you may request) dated the date of the Closing and registered in your name (or in the name of your nominee), against delivery by you to the Obligors or their order of immediately available funds in the amount of the purchase price therefor by wire transfer of immediately available funds for the account of the Company (for the benefit of the Obligors) to account number 1731 0172 5153 at US Bank National Association, Minneapolis Office, 800 Nicollet Mall, Minneapolis, MN 55402, ABA No. 091000022. If at the

Closing any Obligor fails to tender such Notes to you as provided above in this Section 3, or any of the conditions specified in Section 4 shall not have been fulfilled to your satisfaction, you shall, at your election, be relieved of all further obligations under this Agreement, without thereby waiving any rights you may have by reason of such failure or such nonfulfillment.

4. CONDITIONS TO CLOSING.

Your obligation to purchase and pay for the Notes to be sold to you at the Closing is subject to the fulfillment to your satisfaction, prior to or at the Closing, of the following conditions:

4.1 Representations and Warranties.

The representations and warranties of the Obligors in this Agreement shall be correct when made and at the time of the Closing.

4.2 Performance; No Default.

The Obligors shall have performed and complied with all agreements and conditions contained in this Agreement required to be performed or complied with by them prior to or at the Closing and after giving effect to the issue and sale of the Notes (and the application of the proceeds thereof as contemplated by Section 5.14) no Default or Event of Default shall have occurred and be continuing. Neither any Obligor nor any other Subsidiary shall have entered into any transaction since the date of the Memorandum that would have been prohibited by Section 10 had such Section applied since such date.

4.3 Compliance Certificates.

(a) Officer's Certificate. Each Obligor shall have delivered to you an Officer's Certificate, dated the date of the Closing, certifying that the conditions specified in Sections 4.1, 4.2 and 4.9 have been fulfilled.

(b) Secretary's Certificate. Each Obligor shall have delivered to you a certificate certifying as to the resolutions attached thereto and other corporate proceedings relating to the authorization, execution and delivery of the Notes and the Agreement.

4.4 Opinions of Counsel.

You shall have received opinions in form and substance satisfactory to you, dated the date of the Closing (a) from Briggs and Morgan and from Matthew L. Levitt, Esq., counsel to the Obligors, covering the matters set forth in Exhibit 4.4(a) and covering such other matters incident to the transactions contemplated hereby as you or your counsel may reasonably request (and the Obligors instruct their counsel to deliver such opinion to you) and (b) from Foley & Lardner LLP, your special counsel in connection with such transactions, substantially in the form set forth in Exhibit 4.4(b) and covering such other matters incident to such transactions as you may reasonably request.

4.5 Purchase Permitted By Applicable Law, etc.

On the date of the Closing your purchase of Notes shall (i) be permitted by the laws and regulations of each jurisdiction to which you are subject, without recourse to provisions (such as Section 1405(a)(8) of the New York Insurance Law) permitting limited investments by insurance companies without restriction as to the character of the particular investment, (ii) not violate any applicable law or regulation (including, without limitation, Regulation U, T or X of the Board of Governors of the Federal Reserve System) and (iii) not subject you to any tax, penalty or liability under or pursuant to any applicable law or regulation, which law or regulation was not in effect on the date hereof. If requested by you, you shall have received an Officer's Certificate certifying as to such matters of fact as you may reasonably specify to enable you to determine whether such purchase is so permitted.

4.6 Sale of Other Notes.

Contemporaneously with the Closing the Obligors shall sell to the Other Purchasers and the Other Purchasers shall purchase the Notes to be purchased by them at the Closing as specified in Schedule A.

4.7 Payment of Special Counsel Fees.

Without limiting the provisions of Section 15.1, the Obligors shall have paid on or before the Closing the fees, charges and disbursements of your special counsel referred to in Section 4.4, to the extent reflected in a statement of such counsel rendered to the Obligors at least one Business Day prior to the Closing.

4.8 Private Placement Number.

A Private Placement Number issued by Standard & Poor's CUSIP Service Bureau (in cooperation with the Securities Valuation Office of the National Association of Insurance Commissioners) shall have been obtained by Foley & Lardner LLP for each series of the Notes.

4.9 Changes in Corporate Structure.

Except as specified in Schedule 4.9, no Obligor shall have changed its jurisdiction of organization or been a party to any merger or consolidation and shall not have succeeded to all or any substantial part of the liabilities of any other entity, at any time following the date of the most recent financial statements referred to in Schedule 5.5.

4.10 Funding Instructions.

At least three Business Days prior to the date of the Closing, you shall have received written instructions signed by a Responsible Officer on letterhead of the Company confirming the information specified in Section 3 including (i) the name and address of the transferee bank, (ii) such transferee bank's ABA number and (iii) the account name and number into which the purchase price for the Notes is to be deposited.

4.11 Term Loan Agreement.

The Obligors shall have amended the Term Loan Agreement to permit the issuance and sale of the Notes and you shall have received a copy of a fully executed counterpart of such amendment.

4.12 Credit Agreement.

The Obligors shall deliver a fully executed copy of the Credit Agreement containing covenants no more onerous than those in the Term Loan Agreement.

4.13 Proceedings and Documents.

All corporate or partnership and other proceedings in connection with the transactions contemplated by this Agreement and all documents and instruments incident to such transactions shall be satisfactory to you and your special counsel, and you and your special counsel shall have received all such counterpart originals or certified or other copies of such documents as you or they may reasonably request.

5. REPRESENTATIONS AND WARRANTIES OF THE COMPANY.

Each Obligor represents and warrants to you that:

5.1 Organization; Power and Authority.

Each Obligor is a corporation or limited partnership duly organized, validly existing and in good standing under the laws of its jurisdiction of organization, and is duly qualified as a foreign corporation or foreign limited partnership and is in good standing in each jurisdiction in which such qualification is required by law, other than those jurisdictions as to which the failure to be so qualified or in good standing could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. Each Obligor has the corporate or partnership power and authority to own or hold under lease the properties it purports to own or hold under lease, to transact the business it transacts and proposes to transact, to execute and deliver this Agreement and the Notes and to perform the provisions hereof and thereof.

5.2 Authorization, etc.

This Agreement and the Notes have been duly authorized by all necessary corporate or partnership action on the part of each Obligor, and this Agreement constitutes, and upon execution and delivery thereof each Note will constitute, a legal, valid and binding obligation of each Obligor enforceable against each Obligor in accordance with its terms, except as such enforceability may be limited by (i) applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally and (ii) general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

5.3 Disclosure.

The Obligors, through their agent, J.P. Morgan Securities Inc., have delivered to you and each Other Purchaser a copy of a Confidential Private Placement Memorandum, dated October 2011, including the Company's Annual Reports on Form 10-K for the fiscal years ended April 30, 2011 and April 24, 2010 and the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended July 30, 2011 (the "Memorandum"), relating to the transactions contemplated hereby. The Memorandum fairly describes, in all material respects, the general nature of the business and principal properties of the Company and its Subsidiaries. Except as disclosed in Schedule 5.3, this Agreement, the Memorandum, the documents, certificates or other writings delivered to you by or on behalf of the Obligors in connection with the transactions contemplated hereby and the financial statements listed in Schedule 5.5, taken as a whole, do not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein not misleading in light of the circumstances under which they were made. Except as disclosed in the Memorandum or as expressly described in Schedule 5.3, or in one of the documents, certificates or other writings identified therein, or in the financial statements listed in Schedule 5.5, since April 30, 2011, there has been no change in the financial condition, operations, business or properties of the Company or any Subsidiary except changes that individually or in the aggregate could not reasonably be expected to have a Material Adverse Effect. There is no fact known to any Obligor that could reasonably be expected to have a Material Adverse Effect that has not been set forth herein or in the Memorandum or in the other documents, certificates and other writings delivered to you by or on behalf of the Obligors specifically for use in connection with the transactions contemplated hereby.

5.4 Organization and Ownership of Shares of Subsidiaries; Affiliates.

(a) Schedule 5.4 contains (except as noted therein) complete and correct lists of: (i) the Company's Subsidiaries, showing, as to each Subsidiary, the correct name thereof, the jurisdiction of its organization, and the percentage of shares of each class of its capital stock or similar equity interests outstanding owned by the Company and each other Subsidiary, (ii) the Company's Affiliates, other than Subsidiaries, and (iii) the Company's directors and senior officers.

(b) All of the outstanding shares of capital stock or similar equity interests of each Subsidiary shown in Schedule 5.4 as being owned by the Company and its Subsidiaries have been validly issued, are fully paid and nonassessable and are owned by the Company or another Subsidiary free and clear of any Lien (except as otherwise disclosed in Schedule 5.4).

(c) Each Subsidiary identified in Schedule 5.4 is a corporation or other legal entity duly organized, validly existing and in good standing under the laws of its jurisdiction of organization, and is duly qualified as a foreign corporation or other legal entity and is in good standing in each jurisdiction in which such qualification is required by law, other than those jurisdictions as to which the failure to be so qualified or in good standing could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. Each such Subsidiary has the corporate or other power and authority to own or hold under lease the properties it purports to own or hold under lease and to transact the business it transacts and proposes to transact.

(d) No Subsidiary is a party to, or otherwise subject to, any legal restriction or any agreement (other than this Agreement, the agreements listed on Schedule 5.4 and customary limitations imposed by corporate or limited partnership law statutes) restricting the ability of such Subsidiary to pay dividends out of profits or make any other similar distributions of profits to the Company or any of its Subsidiaries that owns outstanding shares of capital stock or similar equity interests of such Subsidiary.

5.5 Financial Statements.

The Company has delivered to you and each Other Purchaser copies of the financial statements of the Company **and its Subsidiaries listed on** Schedule 5.5. All of said financial statements (including in each case the related schedules and notes) fairly present in all material respects the consolidated financial position of the Company and its Subsidiaries as of the respective dates specified in such Schedule and the consolidated results of their operations and cash flows for the respective periods so specified and have been prepared in accordance with GAAP consistently applied throughout the periods involved except as set forth in the notes thereto (subject, in the case of any interim financial statements, to normal year-end adjustments).

5.6 Compliance with Laws, Other Instruments, etc.

The execution, delivery and performance by each Obligor of this Agreement and the Notes will not (i) contravene, result in any breach of, or constitute a default under, or result in the creation of any Lien in respect of any property of any Obligor or any other Subsidiary under, any indenture, mortgage, deed of trust, loan, purchase or credit agreement, lease, corporate charter or by-laws, or any other agreement or instrument to which any Obligor or any other Subsidiary is bound or by which any Obligor or any other Subsidiary or any of their respective properties may be bound or affected, (ii) conflict with or result in a breach of any of the terms, conditions or provisions of any order, judgment, decree, or ruling of any court, arbitrator or Governmental Authority applicable to any Obligor or any other Subsidiary or (iii) violate any provision of any statute or other rule or regulation of any Governmental Authority applicable to any Obligor or any other Subsidiary.

5.7 Governmental Authorizations, etc.

No consent, approval or authorization of, or registration, filing or declaration with, any Governmental Authority is required in connection with the execution, delivery or performance by any Obligor of this Agreement or the Notes.

5.8 Litigation; Observance of Agreements, Statutes and Orders.

(a) Except as disclosed in Schedule 5.8, there are no actions, suits or proceedings pending or, to the knowledge of any Obligor, threatened against or affecting any Obligor or any other Subsidiary or any property of any Obligor or any other Subsidiary in any court or before any arbitrator of any kind or before or by any Governmental Authority that, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect.

(b) Neither any Obligor nor any other Subsidiary is in default under any term of any agreement or instrument to which it is a party or by which it is bound, or any order, judgment, decree or ruling of any court, arbitrator or Governmental Authority or is in violation of any applicable law, ordinance, rule or regulation (including Environmental Laws, the USA PATRIOT Act or any of the other laws and regulations that are referred to in Section 5.16) of any Governmental Authority, which default or violation, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect.

5.9 Taxes.

The Company and its Subsidiaries have filed all tax returns that are required to have been filed in any jurisdiction, and have paid all taxes shown to be due and payable on such returns and all other taxes and assessments levied upon them or their properties, assets, income or franchises, to the extent such taxes and assessments have become due and payable and before they have become delinquent, except for any taxes and assessments (i) the amount of which is not individually or in the aggregate Material or (ii) the amount, applicability or validity of which is currently being contested in good faith by appropriate proceedings and with respect to which the Company or a Subsidiary, as the case may be, has established adequate reserves in accordance with GAAP. The Company knows of no basis for any other tax or assessment that could reasonably be expected to have a Material Adverse Effect. The charges, accruals and reserves on the books of the Company and its Subsidiaries in respect of Federal, state or other taxes for all fiscal periods are adequate. The Federal income tax liabilities of the Company and its Subsidiaries have been determined by the Internal Revenue Service and paid for all fiscal years up to and including the fiscal year ended April 30, 2005.

5.10 Title to Property; Leases.

The Company and its Subsidiaries have good and sufficient title to their respective properties that individually or in the aggregate are Material, including all such properties reflected in the most recent audited balance sheet referred to in Section 5.5 or purported to have been acquired by the Company or any Subsidiary after said date (except as sold or otherwise disposed of in the ordinary course of business), in each case free and clear of Liens prohibited by this Agreement. All leases that individually or in the aggregate are Material are valid and subsisting and are in full force and effect in all material respects.

5.11 Licenses, Permits, etc.

Except as disclosed in Schedule 5.11,

(a) the Company and its Subsidiaries own or possess all licenses, permits, franchises, authorizations, patents, copyrights, service marks, trademarks and trade names, or rights thereto, that individually or in the aggregate are Material, without known conflict with the rights of others;

(b) to the best knowledge of each Obligor, no product of any Obligor or any other Subsidiary infringes in any material respect any license, permit, franchise, authorization, patent, copyright, service mark, trademark, trade name or other right owned by any other Person; and

(c) to the best knowledge of each Obligor, there is no Material violation by any Person of any right of any Obligor or any other Subsidiary with respect to any patent, copyright, service mark, trademark, trade name or other right owned or used by the any Obligor or any other Subsidiary.

5.12 Compliance with ERISA.

(a) The Company and each ERISA Affiliate have operated and administered each Plan in compliance with all applicable laws except for such instances of noncompliance as have not resulted in and could not reasonably be expected to result in a Material Adverse Effect. Neither the Company nor any ERISA Affiliate has incurred any liability pursuant to Title I or IV of ERISA or the penalty or excise tax provisions of the Code relating to employee benefit plans (as defined in Section 3 of ERISA), and no event, transaction or condition has occurred or exists that could reasonably be expected to result in the incurrence of any such liability by the Company or any ERISA Affiliate, or in the imposition of any Lien on any of the rights, properties or assets of the Company or any ERISA Affiliate, in either case pursuant to Title I or IV of ERISA or to section 430(k) of the Code or to any such penalty or excise tax provisions under the Code or Federal law or section 4068 of ERISA or by the granting of a security interest in connection with the amendment of a Plan, other than such liabilities or Liens as would not be individually or in the aggregate Material.

(b) The present value of the aggregate benefit liabilities under each of the Plans (other than Multiemployer Plans), determined as of the end of such Plan's most recently ended plan year on the basis of the actuarial assumptions specified for funding purposes in such Plan's most recent actuarial valuation report, did not exceed the aggregate current value of the assets of such Plan allocable to such benefit liabilities. The term "benefit liabilities" has the meaning specified in section 4001 of ERISA and the terms "current value" and "present value" have the meaning specified in section 3 of ERISA.

(c) The Company and its ERISA Affiliates have not incurred withdrawal liabilities (and are not subject to contingent withdrawal liabilities) **under section 4201 or 4204** of ERISA in respect of Multiemployer Plans that individually or in the aggregate are Material.

(d) The expected postretirement benefit obligation (determined as of the last day of the Company's most recently ended fiscal year in accordance with Financial Accounting Standards Board Statement No. 106, without regard to liabilities attributable to continuation coverage mandated by section 4980B of the Code) of the Company and its Subsidiaries is not Material.

(e) The execution and delivery of this Agreement and the issuance and sale of the Notes hereunder will not involve any transaction that is subject to the prohibitions of section 406 of ERISA or in connection with which a tax could be imposed pursuant to section 4975(c)(1)(A)-

(D) of the Code. The representation by the Company in the first sentence of this Section 5.12(e) is made in reliance upon and subject to the accuracy of your representation in Section 6.2 as to the sources of the funds used to pay the purchase price of the Notes to be purchased by you.

5.13 Private Offering by the Company.

Neither any Obligor nor anyone acting on its behalf has offered the Notes or any similar securities for sale to, or solicited any offer to buy any of the same from, or otherwise approached or negotiated in respect thereof with, any person other than you and the Other Purchasers and **not** more than 45 other Institutional Investors, each of which has been offered the Notes at a private sale for investment. Neither any Obligor nor anyone acting on its behalf has taken, or will take, any action that would subject the issuance or sale of the Notes to the registration requirements of Section 5 of the Securities Act.

5.14 Use of Proceeds; Margin Regulations.

The Obligors will apply the proceeds of the sale of the Notes to refinance Debt of the Company as set forth in Schedule 5.14 and for general corporate purposes, including repurchases of the Company's Capital Stock and business or asset acquisitions. No part of the proceeds from the sale of the Notes will be used, directly or indirectly, for the purpose of buying or carrying any margin stock within the meaning of Regulation U of the Board of Governors of the Federal Reserve System (12 CFR 221) so as to involve any Obligor or any holder of Notes in a violation of such Regulation (or so as to require any holder of Notes to make any filing under such Regulation), or for the purpose of buying or carrying or trading in any securities under such circumstances as to involve any Obligor in a violation of Regulation X of said Board (12 CFR 224) or to involve any broker or dealer in a violation of Regulation T of said Board (12 CFR 220). Margin stock does not constitute more than 10% of the value of the consolidated assets of the Company and its Subsidiaries and the Obligors do not have any present intention that margin stock will constitute more than 10% of the value of such assets. As used in this Section, the terms "margin stock" and "purpose of buying or carrying" shall have the meanings assigned to them in said Regulation U.

5.15 Existing Debt; Future Liens.

(a) Except as described therein, Schedule 5.15 sets forth a complete and correct list of all outstanding Debt of the Company and its Subsidiaries as of December 1, 2011 since which date there has been no Material change in the amounts, interest rates, sinking funds, installment payments or maturities of the Debt of the Company or its Subsidiaries. Neither any Obligor nor any other Subsidiary is in default and no waiver of default is currently in effect, in the payment of any principal or interest on any Debt of any Obligor or any other Subsidiary and no event or condition exists with respect to any Debt of any Obligor or any other Subsidiary that would permit (or that with notice or the lapse of time, or both, would permit) one or more Persons to cause such Debt to become due and payable before its stated maturity or before its regularly scheduled dates of payment.

(b) Except as disclosed in Schedule 5.15, neither any Obligor nor any other Subsidiary has agreed or consented to cause or permit in the future (upon the happening of a contingency or otherwise) any of its property, whether now owned or hereafter acquired, to be subject to a Lien not permitted by Section 10.4.

5.16 Foreign Assets Control Regulations, etc.

(a) Neither any Obligor nor any Controlled Entity is (i) a Person whose name appears on the list of Specially Designated Nationals and Blocked Persons published by the Office of Foreign Assets Control, U.S. Department of Treasury (“OFAC”) (an “OFAC Listed Person”) or (ii) a department, agency or instrumentality of, or is otherwise controlled by or acting on behalf of, directly or indirectly, (x) any OFAC Listed Person or (y) any Person, entity, organization, foreign country or regime that is subject to any OFAC Sanctions Program (each OFAC Listed Person and each other Person, entity, organization and government of a country described in clause (ii), a “Blocked Person”).

(b) No part of the proceeds from the sale of the Notes hereunder constitutes or will constitute funds obtained on behalf of any Blocked Person or will otherwise be used, directly by the Obligors or indirectly through any Controlled Entity, in connection with any investment in, or any transactions or dealings with, any Blocked Person.

(c) To each Obligor’s actual knowledge after making due inquiry, neither such Obligor nor any Controlled Entity (i) is under investigation by any Governmental Authority for, or has been charged with, or convicted of, money laundering, drug trafficking, terrorist-related activities or other money laundering predicate crimes under any applicable law (collectively, “Anti-Money Laundering Laws”), (ii) has been assessed civil penalties under any Anti-Money Laundering Laws or (iii) has had any of its funds seized or forfeited in an action under any Anti-Money Laundering Laws. The Company has taken reasonable measures appropriate to the circumstances (in any event as required by applicable law) to ensure that the Company and each Controlled Entity is and will continue to be in compliance with all applicable current and future Anti-Money Laundering Laws.

(d) No part of the proceeds from the sale of the Notes hereunder will be used, directly or indirectly, for any improper payments to any governmental official or employee, political party, official of a political party, candidate for political office, official of any public international organization or anyone else acting in an official capacity, in order to obtain, retain or direct business or obtain any improper advantage. The Obligors have taken reasonable measures appropriate to the circumstances (in any event as required by applicable law) to ensure that the Obligors and each Controlled Entity is and will continue to be in compliance with all applicable current and future anticorruption laws and regulations.

5.17 Status under Certain Statutes.

Neither any Obligor nor any other Subsidiary is subject to regulation under the Investment Company Act of 1940, as amended, the ICC Termination Act, as amended, or the Federal Power Act, as amended.

5.18 Environmental Matters.

Neither any Obligor nor any other Subsidiary has knowledge of any claim or has received any notice of any claim, and no proceeding has been instituted raising any claim against any Obligor or any other Subsidiary or any of their respective real properties now or formerly owned, leased or operated by any of them or other assets, alleging any damage to the environment or violation of any Environmental Laws, except, in each case, such as could not reasonably be expected to result in a Material Adverse Effect. Except as otherwise disclosed to you in writing,

(a) neither any Obligor nor any other Subsidiary has knowledge of any facts which would give rise to any claim, public or private, of violation of Environmental Laws or damage to the environment emanating from, occurring on or in any way related to real properties now or formerly owned, leased or operated by any of them or to other assets or their use, except, in each case, such as could not reasonably be expected to result in a Material Adverse Effect;

(b) neither any Obligor nor any other Subsidiary has stored any Hazardous Materials on real properties now or formerly owned, leased or operated by any of them and has not disposed of any Hazardous Materials in a manner contrary to any Environmental Laws in each case in any manner that could reasonably be expected to result in a Material Adverse Effect; and

(c) all buildings on all real properties now owned, leased or operated by any Obligor or any other Subsidiary are in compliance with applicable Environmental Laws, except where failure to comply could not reasonably be expected to result in a Material Adverse Effect.

5.19 Solvency of Obligors.

After giving effect to the transactions contemplated herein, (i) the present value of the assets of each Obligor, at a fair valuation, is in excess of the amount that will be required to pay its probable liability on its existing debts as said debts become absolute and matured, (ii) each Obligor has received reasonably equivalent value for issuing and selling the Notes, (iii) the property remaining in the hands of each Obligor is not an unreasonably small capital, and (iv) each Obligor is able to pay its debts as they mature.

6. REPRESENTATIONS OF THE PURCHASERS.

6.1 Purchase for Investment.

You represent that you are purchasing the Notes for your own account or for one or more separate accounts maintained by you or for the account of one or more pension or trust funds and not with a view to the distribution thereof, provided that the disposition of your or their property shall at all times be within your or their control. You understand that the Notes have not been registered under the Securities Act and may be resold only if registered pursuant to the provisions of the Securities Act or if an exemption from registration is available, except under circumstances where neither such registration nor such an exemption is required by law, and that the Obligors are not required to register the Notes. You represent that you are an “accredited

investor” within the meaning of subparagraph (a)(1), (2), (3) or (7) of Rule 501 of Regulation D under the Securities Act

6.2 Source of Funds.

You represent that at least one of the following statements is an accurate representation as to each source of funds (a “Source”) to be used by you to pay the purchase price of the Notes to be purchased by you hereunder:

(a) the Source is an “insurance company general account” (as the term is defined in the United States Department of Labor’s Prohibited Transaction Exemption (“PTE”) 95-60) in respect of which the reserves and liabilities (as defined by the annual statement for life insurance companies approved by the National Association of Insurance Commissioners (the “NAIC Annual Statement”) for the general account contract(s) held by or on behalf of any employee benefit plan together with the amount of the reserves and liabilities for the general account contract(s) held by or on behalf of any other employee benefit plans maintained by the same employer (or affiliate thereof as defined in PTE 95-60) or by the same employee organization in the general account do not exceed 10% of the total reserves and liabilities of the general account (exclusive of separate account liabilities) plus surplus as set forth in the NAIC Annual Statement filed with such Purchaser’s state of domicile; or

(b) the Source is a separate account that is maintained solely in connection with such Purchaser’s fixed contractual obligations under which the amounts payable, or credited, to any employee benefit plan (or its related trust) that has any interest in such separate account (or to any participant or beneficiary of such plan (including any annuitant)) are not affected in any manner by the investment performance of the separate account; or

(c) the Source is either (i) an insurance company pooled separate account, within the meaning of PTE 90-1 (issued January 29, 1990), or (ii) a bank collective investment fund, within the meaning of PTE 91-38 (issued July 12, 1991) and, except as you have disclosed to the Company in writing pursuant to this paragraph (c), no employee benefit plan or group of plans maintained by the same employer or employee organization beneficially owns more than 10% of all assets allocated to such pooled separate account or collective investment fund; or

(d) the Source constitutes assets of an “investment fund” (within the meaning of Part VI of PTE 84-14 (the “**QPAM Exemption**”)) managed by a “qualified professional asset manager” or “QPAM” (within the meaning of Part VI of the QPAM Exemption), no employee benefit plan’s assets that are managed by the QPAM in such investment fund, when combined with the assets of all other employee benefit plans established or maintained by the same employer or by an affiliate (within the meaning of Part VI(c)(1) of the QPAM Exemption) of such employer or by the same employee organization and managed by such QPAM, represent more than 20% of the total client assets managed by such QPAM, the conditions of Part I(c) and (g) of the QPAM Exemption are satisfied, neither the QPAM nor a person controlling or controlled by the QPAM maintains an ownership interest in the Company that would cause the QPAM and the Company to be “related” within the meaning of Part VI(h) of the QPAM Exemption and (i) the identity of such QPAM and (ii) the names of any employee benefit plans

whose assets in the investment fund, when combined with the assets of all other employee benefit plans established or maintained by the same employer or by an affiliate (within the meaning of Part VI(c)(1) of the QPAM Exemption) of such employer or by the same employee organization, represent 10% or more of the assets of such investment fund, have been disclosed to the Company in writing pursuant to this clause (d); or

(e) the Source constitutes assets of a “plan(s)” (within the meaning of section IV of PTE 96-23 (the “INHAM Exemption”) managed by an “in-house asset manager” or “INHAM” (within the meaning of Part IV of the INHAM exemption), the conditions of Part I(a), (g) and (h) of the INHAM Exemption are satisfied, neither the INHAM nor a person controlling or controlled by the INHAM (applying the definition of “control” in section IV(h) of the INHAM Exemption) owns a 5% or more interest in the Company and (i) the identity of such INHAM and (ii) the name(s) of the employee benefit plan(s) whose assets constitute the Source have been disclosed to the Company in writing pursuant to this clause (e); or

(f) the Source is a governmental plan; or

(g) the Source is one or more employee benefit plans, or a separate account or trust fund comprised of one or more employee benefit plans, each of which has been identified to the Company in writing pursuant to this paragraph (g); or

(h) the Source does not include assets of any employee benefit plan, other than a plan exempt from the coverage of ERISA.

As used in this Section 6.2, the terms “employee benefit plan”, “governmental plan” and “separate account” shall have the respective meanings assigned to such terms in Section 3 of ERISA.

7. INFORMATION AS TO COMPANY.

7.1 Financial and Business Information

The Company will deliver to each holder of Notes that is an Institutional Investor:

(a) Quarterly Statements -- within 60 days after the end of each quarterly fiscal period in each fiscal year of the Company (other than the last quarterly fiscal period of each such fiscal year), duplicate copies of,

(i) a consolidated balance sheet of the Company and its Subsidiaries as at the end of such quarter,

(ii) consolidated statements of income of the Company and its Subsidiaries for such quarter and (in the case of the second and third quarters) for the portion of the fiscal year ending with such quarter, and

(iii) consolidated statements of cash flows of the Company and its Subsidiaries for such quarter or (in the case of the second and third quarters) for the portion of the fiscal year

ending with such quarter, setting forth in each case in comparative form the figures for the corresponding periods in the previous fiscal year, all in reasonable detail, prepared in accordance with GAAP applicable to quarterly financial statements generally, and certified by a Senior Financial Officer as fairly presenting, in all material respects, the financial position of the companies being reported on and their results of operations and cash flows, subject to changes resulting from year-end adjustments, provided that delivery within the time period specified above of copies of the Company's Quarterly Report on Form 10-Q prepared in compliance with the requirements therefor and filed with the Securities and Exchange Commission shall be deemed to satisfy the requirements of this Section 7.1(a);

(b) Annual Statements -- within 120 days after the end of each fiscal year of the Company, duplicate copies of,

(i) a consolidated balance sheet of the Company and its Subsidiaries, as at the end of such year, and

(ii) consolidated statements of income, changes in shareholders' equity and cash flows of the Company and its Subsidiaries, for such year, setting forth in each case in comparative form the figures for the previous fiscal year, all in reasonable detail, prepared in accordance with GAAP, and reported on by an opinion of independent certified public accountants of recognized national standing, which opinion shall state that such financial statements present fairly, in all material respects, the financial position of the Company and its consolidated Subsidiaries being reported upon and their results of operations and cash flows and have been prepared in conformity with GAAP, and that the examination of such accountants in connection with such financial statements has been made in accordance with generally accepted auditing standards, and that such audit provides a reasonable basis for such opinion in the circumstances, provided that the delivery within the time period specified above of the Company's Annual Report on Form 10-K for such fiscal year (together with the Company's annual report to shareholders, if any, prepared pursuant to Rule 14a-3 under the Exchange Act) prepared in accordance with the requirements therefor and filed with the Securities and Exchange Commission shall be deemed to satisfy the requirements of this Section 7.1(b);

(c) SEC and Other Reports -- promptly upon their becoming available, one copy of (i) each financial statement, report, notice or proxy statement sent by any Obligor or any other Subsidiary to public securities holders generally, and (ii) each regular or periodic report, registration statement other than registration statements on Form S-8 (without exhibits except as expressly requested by such holder), or other material filed by any Obligor or any other Subsidiary with the Securities and Exchange Commission;

(d) Notice of Default or Event of Default -- promptly, and in any event within five Business Days after a Responsible Officer becoming aware of the existence of any Default or Event of Default or that any Person has given any notice or taken any action with respect to a claimed default hereunder or that any Person has given notice or taken any action with respect to a claimed default of the type referred to in Section 11(f), a written notice specifying the nature and period of existence thereof and what action the Obligors are taking or propose to take with respect thereto;

(e) ERISA Matters -- promptly, and in any event within five Business Days after a Responsible Officer becoming aware of any of the following, a written notice setting forth the nature thereof and the action, if any, that the Company or an ERISA Affiliate proposes to take with respect thereto:

(i) with respect to any Plan, any reportable event, as defined in section 4043(b) of ERISA and the regulations thereunder, for which notice thereof has not been waived pursuant to such regulations as in effect on the date hereof; or

(ii) the taking by the PBGC of steps to institute, or the threatening by the PBGC of the institution of, proceedings under section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Plan, or the receipt by the Company or any ERISA Affiliate of a notice from a Multiemployer Plan that such action has been taken by the PBGC with respect to such Multiemployer Plan; or

(iii) any event, transaction or condition that could result in the incurrence of any liability by the Company or any ERISA Affiliate pursuant to Title I or IV of ERISA or the penalty or excise tax provisions of the Code relating to employee benefit plans, or in the imposition of any Lien on any of the rights, properties or assets of the Company or any ERISA Affiliate pursuant to Title I or IV of ERISA or such penalty or excise tax provisions, if such liability or Lien, taken together with any other such liabilities or Liens then existing, could reasonably be expected to have a Material Adverse Effect;

(f) Notices from Governmental Authority -- promptly, and in any event within 30 days of receipt thereof, copies of any notice to any Obligor or any other Subsidiary from any Federal or state Governmental Authority relating to any order, ruling, statute or other law or regulation that could reasonably be expected to have a Material Adverse Effect; and

(g) Requested Information -- with reasonable promptness, such other data and information relating to the business, operations, affairs, financial condition, assets or properties of any Obligor or any other Subsidiary (including actual copies of the Company's Forms 10-Q and Forms 10-K) or relating to the ability of any Obligor to perform its obligations hereunder and under the Notes as from time to time may be reasonably requested by any such holder of Notes.

7.2 Officer's Certificate.

Each set of financial statements delivered to a holder of Notes pursuant to Section 7.1(a) or (b) shall be accompanied by a certificate of a Senior Financial Officer setting forth:

(a) Covenant Compliance -- the information (including detailed calculations and a reconciliation to the financial statements from which derived if the accounting methods applicable to such financial statements differ from the methods of determining compliance with Section 10.1 through Section 10.5 and Section 10.7) required in order to establish whether the Company was in compliance with the requirements of Section 10.1 through Section 10.9, inclusive, during the quarterly or annual period covered by the statements then being furnished

(including with respect to each such Section, where applicable, the calculations of the maximum or minimum amount, ratio or percentage, as the case may be, permissible under the terms of such Sections, and the calculation of the amount, ratio or percentage then in existence); and

(b) Event of Default -- a statement that such officer has reviewed the relevant terms hereof and has made, or caused **to be** made, under his or her supervision, a review of the transactions and conditions of the Company and its Subsidiaries from the beginning of the quarterly or annual period covered by the statements then being furnished to the date of the certificate and that such review shall not have disclosed the existence during such period of any condition or event that constitutes a Default or an Event of Default or, if any such condition or event existed or exists (including any such event or condition resulting from the failure of any Obligor or any other Subsidiary to comply with any Environmental Law), specifying the nature and period of existence thereof and what action the Company shall have taken or proposes to take with respect thereto.

7.3 Electronic Delivery.

Financial statements and officers' certificates required to be delivered by the Company pursuant to Sections 7.1(a), (b) or (c) and Section 7.2 shall be deemed to have been delivered if (i) such financial statements satisfying the requirements of Section 7.1(a) or (b) and related certificate satisfying the requirements of Section 7.2 are delivered to you and each other holder of Notes by e-mail or (ii) the Company shall have timely filed such Form 10-Q or Form 10-K, satisfying the requirements of Section 7.1(a) or (b) as the case may be, with the SEC on "EDGAR" and shall have made such Form and the related certificate satisfying the requirements of Section 7.2 available on its home page on the worldwide web (at the date of this Agreement located at <http://www.pattersoncompanies.com>) or (iii) such financial statements satisfying the requirements of Section 7.1(a) or (b) and related certificate satisfying the requirements of Section 7.2 are timely posted by or on behalf of the Company on IntraLinks or on any other similar website to which each holder of Notes has free access or (iv) the Company shall have filed any of the items referred to in Section 7.1(c) with the SEC on "EDGAR" and shall have made such items available on its home page on the worldwide web or if any of such items are timely posted by or on behalf of the Company on IntraLinks or on any other similar website to which each holder of Notes has free access; provided however, that in the case of any of clause (i), (ii), (iii) or (iv) the Company shall concurrently with such filing or posting give notice to each holder of Notes of such posting or filing and provided further, that upon request of any holder, the Company will thereafter deliver written copies of such forms, financial statements and certificates to such holder.

7.4 Inspection.

The Company will permit the representatives of each holder of Notes that is an Institutional Investor:

(a) No Default -- if no Default or Event of Default then exists, at the expense of such holder and upon reasonable prior notice to the Company, to visit the principal executive office of the Company, to discuss the affairs, finances and accounts of the Company and its Subsidiaries

with the Company's officers, and (with the consent of the Company, which consent will not be unreasonably withheld) to visit the other offices and properties of the Company and each Subsidiary, all at such reasonable times and as often as may be reasonably requested in writing; and

(b) Default -- if a Default or Event of Default then exists, at the expense of the Company, to visit and inspect any of the offices or properties of the Company or any Subsidiary, to examine all their respective books of account, records, reports and other papers, to make copies and extracts therefrom, and to discuss their respective affairs, finances, and accounts with their respective officers and independent public accountants (and by this provision the Company authorizes said accountants to discuss the affairs, finances and accounts of the Company and its Subsidiaries), all at such times and as often as may be requested.

8. PREPAYMENT OF THE NOTES.

8.1 No Scheduled Prepayments.

No regularly scheduled prepayments are due on the Notes prior to their stated maturity.

8.2 Optional Prepayments.

(a) The Notes. The Obligors may, at their option, upon notice as provided below, prepay at any time all, or from time to time any part of, one or more series of the Notes in an amount not less than \$1,000,000 in the aggregate in the case of a partial prepayment, at 100% of the principal amount so prepaid, plus the Make-Whole Amount determined for the prepayment date with respect to such principal amount. The Company will give each holder of each series of the Notes to be prepaid written notice of each optional prepayment under this Section 8.2(a) not less than 30 days and not more than 60 days prior to the date fixed for such prepayment. Each such notice shall specify such date, the aggregate principal amount of each series of the Notes to be prepaid on such date, the principal amount of each Note held by such holder to be prepaid (determined in accordance with Section 8.4), and the interest to be paid on the prepayment date with respect to such principal amount being prepaid, and shall be accompanied by a certificate of a Senior Financial Officer as to the estimated Make-Whole Amount due in connection with such prepayment (calculated as if the date of such notice were the date of the prepayment), setting forth the details of such computation. Two Business Days prior to such prepayment, the Company shall deliver to each holder of Notes a certificate of a Senior Financial Officer specifying the calculation of such Make-Whole Amount as of the specified prepayment date.

(b) Offer to Prepay at Par Upon Certain Sales of Assets.

(i) Notice and Offer. In the event of any Debt Prepayment Application under Section 10.7 of this Agreement, the Obligors will, within 10 days of the occurrence of the Transfer (a "Debt Prepayment Transfer") in respect of which an offer to prepay the Notes (the "Prepayment Offer") is being made to comply with the requirements for a Debt Prepayment Application (as set forth in the definition thereof), give notice of such Debt Prepayment Transfer to each holder of Notes. Such notice shall contain, and shall constitute, an irrevocable offer to

prepay, at the election of each holder, a portion of the Notes held by such holder equal to such holder's Ratable Portion of the Net Proceeds Amount in respect of such Debt Prepayment Transfer on a date specified in such notice (the "Transfer Prepayment Date") that is not less than 30 days and not more than 60 days after the date of such notice.

(ii) Acceptance and Payment. To accept such Prepayment Offer, a holder of Notes shall cause a notice of such acceptance to be delivered to the Company not later than 10 days prior to the Transfer Prepayment Date. Failure to accept such offer in writing not later than 10 days prior to the Transfer Prepayment Date shall be deemed to be rejection of the Prepayment Offer. If so accepted by any holder of a Note, such Prepayment Offer equal to not less than such holder's Ratable Portion of the Net Proceeds Amount in respect of such Debt Prepayment Transfer, together with any additional amount offered to and accepted by such holder pursuant to the following sentence shall be due and payable on the Transfer Prepayment Date. If any holder of Notes fails to accept such Prepayment Offer, such holder's Ratable Portion of the Net Proceeds Amount shall be offered pro rata to each holder of Notes that has accepted such Prepayment Offer. A Prepayment Offer pursuant to this Section 8.2(b) shall be made at 100% of the principal amount of such Notes being so prepaid, together with interest on such principal amount then being prepaid accrued to the Transfer Prepayment Date.

(iii) Officer's Certificate. Each offer to prepay the Notes pursuant to this Section 8.2(b) shall be accompanied by a certificate, executed by a Senior Financial Officer and dated the date of such offer, specifying:

- (A) the Transfer Prepayment Date and the Net Proceeds Amount in respect of the applicable Debt Prepayment Transfer;
- (B) that such offer is being made pursuant to Section 8.2(b) and Section 10.7 of this Agreement;
- (C) the principal amount of each Note offered to be prepaid;
- (D) the interest that would be due on each such Note offered to be prepaid, accrued to the date fixed for payment; and
- (E) in reasonable detail, the nature of the Transfer giving rise to such Debt Prepayment Transfer.

(c) Prepayments During Defaults or Events of Defaults. Anything in Section 8.2(a) to the contrary notwithstanding, during the continuance of a Default or Event of Default the Obligors may prepay less than all of the outstanding Notes pursuant to Section 8.2(a) only if such prepayment is allocated among all of the Notes at the time outstanding in proportion, as nearly as practicable, to the respective unpaid principal amounts thereof not theretofore called for prepayment.

(d) Notice Concerning Status of Holders of Notes. Promptly after each prepayment date under Section 8.2(a) or Transfer Prepayment Date under Section 8.2(b) and the making of

all prepayments contemplated thereunder (and, in any event, within 30 days thereafter), the Company will deliver to each holder of Notes a certificate signed by a Senior Financial Officer containing a list of the then current holders of Notes (together with their addresses) and setting forth as to each such holder the outstanding principal amount of Notes held by such holder at such time.

8.3 Mandatory Offer to Prepay Upon Change of Control.

(a) Notice of Change of Control or Control Event -- The Company will, within five Business Days after any Responsible Officer has knowledge of the occurrence of any Change of Control or Control Event, give notice of such Change of Control or Control Event to each holder of Notes unless notice in respect of such Change of Control (or the Change of Control contemplated by such Control Event) shall have been given pursuant to paragraph (b) of this Section 8.3. If a Change of Control has occurred, such notice shall contain and constitute an offer to prepay Notes as described in paragraph (c) of this Section 8.3 and shall be accompanied by the certificate described in paragraph (g) of this Section 8.3.

(b) Condition to Company Action -- The Company will not take any action that consummates or finalizes a Change of Control unless (i) at least 15 Business Days prior to such action it shall have given to each holder of Notes written notice containing and constituting an offer to prepay Notes accompanied by the certificate described in paragraph (g) of this Section 8.3, and (ii) subject to the provisions of paragraph (d) below, contemporaneously with such action, it prepays all Notes required to be prepaid in accordance with this Section 8.3.

(c) Offer to Prepay Notes -- The offer to prepay Notes contemplated by paragraphs (a) and (b) of this Section 8.3 shall be an offer to prepay, in accordance with and subject to this Section 8.3, all, but not less than all, of the Notes held by each holder (in this case only, “holder” in respect of any Note registered in the name of a nominee for a disclosed beneficial owner shall mean such beneficial owner) on a date specified in such offer (the “Proposed Prepayment Date”). If such Proposed Prepayment Date is in connection with an offer contemplated by paragraph (a) of this Section 8.3, such date shall be not less than 30 days and not more than 60 days after the date of such offer.

(d) Acceptance; Rejection -- A holder of Notes may accept the offer to prepay made pursuant to this Section 8.3 by causing a notice of such acceptance to be delivered to the Company on or before the date specified in the certificate described in paragraph (g) of this Section 8.3. A failure by a holder of Notes to respond to an offer to prepay made pursuant to this Section 8.3, or to accept an offer as to all of the Notes held by the holder, within such time period shall be deemed to constitute rejection of such offer by such holder.

(e) Prepayment -- Prepayment of the Notes to be prepaid pursuant to this Section 8.3 shall be at 100% of the outstanding principal amount of such Notes, together with interest on such Notes accrued to the date of prepayment and shall not require the payment of any Make-Whole Amount or prepayment premium. The prepayment shall be made on the Proposed Prepayment Date except as provided in paragraph (f) of this Section 8.3.

(f) Deferral Pending Change of Control -- The obligation of the Company to prepay Notes pursuant to the offers required by paragraphs (a) and (b) and accepted in accordance with paragraph (d) of this Section 8.3 is subject to the occurrence of the Change of Control in respect of which such offers and acceptances shall have been made. In the event that such Change of Control does not occur on or prior to the Proposed Prepayment Date in respect thereof, the prepayment shall be deferred until and shall be made on the date on which such Change of Control occurs. The Company shall keep each holder of Notes reasonably and timely informed of (i) any such deferral of the date of prepayment, (ii) the date on which such Change of Control and the prepayment are expected to occur, and (iii) any determination by the Company that efforts to effect such Change of Control have ceased or been abandoned (in which case the offers and acceptances made pursuant to this Section 8.3 in respect of such Change of Control shall be deemed rescinded). Notwithstanding the foregoing, in the event that the prepayment has not been made within 90 days after such Proposed Prepayment Date by virtue of the deferral provided for in this Section 8.3(f), the Company shall make a new offer to prepay in accordance with paragraph (c) of this Section 8.3.

(g) Officer's Certificate -- Each offer to prepay the Notes pursuant to this Section 8.3 shall be accompanied by a certificate, executed by a Senior Financial Officer of the Company and dated the date of such offer, specifying: (i) the Proposed Prepayment Date, (ii) that such offer is made pursuant to this Section 8.3, (iii) the principal amount of each Note offered to be prepaid, (iv) the interest that would be due on each Note offered to be prepaid, accrued to the Proposed Prepayment Date, (v) that the conditions of this Section 8.3 have been fulfilled, (vi) in reasonable detail, the nature and date or proposed date of the Change of Control and (vii) the date by which any holder of a Note that wishes to accept such offer must deliver notice thereof to the Company, which date shall not be earlier than three Business Days prior to the Proposed Prepayment Date or, in the case of a prepayment pursuant to Section 8.3(b), the date of the action referred to in Section 8.3(b)(i).

8.4 Allocation of Partial Prepayments.

In the case of each partial prepayment of Notes of a series pursuant to Section 8.2(a), the principal amount of the Notes of the series to be prepaid shall be allocated among all of the Notes of such series at the time outstanding in proportion, as nearly as practicable, to the respective unpaid principal amounts thereof not theretofore called for prepayment.

8.5 Maturity; Surrender, etc.

In the case of each prepayment of Notes pursuant to this Section 8, the principal amount of each Note to be prepaid shall mature and become due and payable on the date fixed for such prepayment, together with interest on such principal amount accrued to such date and the applicable Make-Whole Amount, if any. From and after such date, unless the Obligors shall fail to pay such principal amount when so due and payable, together with the interest and Make-Whole Amount, if any, as aforesaid, interest on such principal amount shall cease to accrue. Any Note paid or prepaid in full shall be surrendered to the Company and canceled and shall not be reissued, and no Note shall be issued in lieu of any prepaid principal amount of any Note.

8.6 Purchase of Notes.

The Obligors will not and will not permit any Affiliate to purchase, redeem, prepay or otherwise acquire, directly or indirectly, any of the outstanding Notes except (a) upon the payment or prepayment of the Notes in accordance with the terms of this Agreement and the Notes or (b) pursuant to an offer to purchase made by the Obligors or an Affiliate pro rata to the holders of any series of Notes at the time outstanding upon the same terms and conditions. Any such offer shall provide each holder with sufficient information reasonably determined by the Obligors to enable it to make an informed decision with respect to such offer, and shall remain open for at least 10 Business Days. If the holders of more than 25% of the principal amount of the Notes of the series to which such offer is directed then outstanding accept such offer, the Company shall promptly notify the remaining holders of such fact and the expiration date for the acceptance by holders of such series of Notes of such offer shall be extended by the number of days necessary to give each such remaining holder at least 10 Business Days from its receipt of such notice to accept such offer. The Company will promptly cancel all Notes acquired by any Obligor or any Affiliate pursuant to any payment, prepayment or purchase of Notes pursuant to any provision of this Agreement and no Notes may be issued in substitution or exchange for any such Notes.

8.7 Make-Whole Amount.

The term **“Make-Whole Amount”** means, with respect to any Note, an amount equal to the excess, if any, of the Discounted Value of the Remaining Scheduled Payments with respect to the Called Principal of such Note over the amount of such Called Principal, provided that the Make-Whole Amount may in no event be less than zero. For the purposes of determining the Make-Whole Amount, the following terms have the following meanings:

“Called Principal” means, with respect to any Note, the principal of such Note that is to be prepaid pursuant to Section 8.2(a) or has become or is declared to be immediately due and payable pursuant to Section 12.1, as the context requires.

“Discounted Value” means, with respect to the Called Principal of any Note, the amount obtained by discounting all Remaining Scheduled Payments with respect to such Called Principal from their respective scheduled due dates to the Settlement Date with respect to such Called Principal, in accordance with accepted financial practice and at a discount factor (applied on the same periodic basis as that on which interest on the Notes is payable) equal to the Reinvestment Yield with respect to such Called Principal.

“Reinvestment Yield” means, with respect to the Called Principal of any Note, .50% over the yield to maturity implied by the yield(s) reported as of 10:00 a.m. (New York City time) on the second Business Day preceding the Settlement Date with respect to such Called Principal, on the display designated as “Page PX1” (or such other display as may replace Page PX1) on Bloomberg Financial Markets for the most recently issued actively traded on-the-run U.S. Treasury securities (“Reported”) having a maturity equal to the Remaining Average Life of such Called Principal as of such Settlement Date. If there are no such U.S. Treasury securities Reported having a maturity equal to such Remaining Average Life, then such implied yield to

maturity will be determined by (a) converting U.S. Treasury bill quotations to bond equivalent yields in accordance with accepted financial practice and (b) interpolating linearly between the yields Reported for the applicable most recently issued actively traded on-the-run U.S. Treasury securities with the maturities (1) closest to and greater than such Remaining Average Life and (2) closest to and less than such Remaining Average Life. The Reinvestment Yield shall be rounded to the number of decimal places as appears in the interest rate of the applicable Note.

If such yields are not Reported or the yields Reported as of such time are not ascertainable (including by way of interpolation), then “Reinvestment Yield” means, with respect to the Called Principal of any Note, .50% over the yield to maturity implied by the U.S. Treasury constant maturity yields reported, for the latest day for which such yields have been so reported as of the second Business Day preceding the Settlement Date with respect to such Called Principal, in Federal Reserve Statistical Release H.15 (or any comparable successor publication) for the U.S. Treasury constant maturity having a term equal to the Remaining Average Life of such Called Principal as of such Settlement Date. If there is no such U.S. Treasury constant maturity having a term equal to such Remaining Average Life, such implied yield to maturity will be determined by interpolating linearly between (1) the U.S. Treasury constant maturity so reported with the term closest to and greater than such Remaining Average Life and (2) the U.S. Treasury constant maturity so reported with the term closest to and less than such Remaining Average Life. The Reinvestment Yield shall be rounded to the number of decimal places as appears in the interest rate of the applicable Note.

“**Remaining Average Life**” means, with respect to any Called Principal, the number of years obtained by dividing (i) such Called Principal into (ii) the sum of the products obtained by multiplying (a) the principal component of each Remaining Scheduled Payment with respect to such Called Principal by (b) the number of years, computed on the basis of a 360-day year composed of twelve 30-day months, that will elapse between the Settlement Date with respect to such Called Principal and the scheduled due date of such Remaining Scheduled Payment.

“**Remaining Scheduled Payments**” means, with respect to the Called Principal of any Note, all payments of such Called Principal and interest thereon that would be due after the Settlement Date with respect to such Called Principal if no payment of such Called Principal were made prior to its scheduled due date, provided that if such Settlement Date is not a date on which interest payments are due to be made under the terms of the Notes, then the amount of the next succeeding scheduled interest payment will be reduced by the amount of interest accrued to such Settlement Date and required to be paid on such Settlement Date pursuant to Section 8.2(a) or 12.1.

“**Settlement Date**” means, with respect to the Called Principal of any Note, the date on which such Called Principal is to be prepaid pursuant to Section 8.2(a) or has become or is declared to be immediately due and payable pursuant to Section 12.1, as the context requires.

9. AFFIRMATIVE COVENANTS.

The Obligors, jointly and severally, covenant that so long as any of the Notes are outstanding:

9.1 Compliance with Law.

The Obligors will, and will cause each other Subsidiary to, comply with all laws, ordinances or governmental rules or regulations to which each of them is subject, including, without limitation, Environmental Laws, the USA PATRIOT Act and the other laws and regulations that are referred to in Section 5.16, and will obtain and maintain in effect all licenses, certificates, permits, franchises and other governmental authorizations necessary to the ownership of their respective properties or to the conduct of their respective businesses, in each case to the extent necessary to ensure that non-compliance with such laws, ordinances or governmental rules or regulations or failures to obtain or maintain in effect such licenses, certificates, permits, franchises and other governmental authorizations could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

9.2 Insurance.

The Obligors will, and will cause each other Subsidiary to, maintain, with financially sound and reputable insurers, insurance with respect to their respective properties and businesses against such casualties and contingencies, of such types, on such terms and in such amounts (including deductibles, co-insurance and self-insurance, if adequate reserves are maintained with respect thereto) as is customary in the case of entities of established reputations engaged in the same or a similar business and similarly situated.

9.3 Maintenance of Properties.

The Obligors will, and will cause each other Subsidiary to, maintain and keep, or cause to be maintained and kept, their respective properties in good repair, working order and condition (other than ordinary wear and tear), so that the business carried on in connection therewith may be properly conducted at all times, provided that this Section shall not prevent any Obligor or any other Subsidiary from discontinuing the operation and the maintenance of any of its properties if such discontinuance is desirable in the conduct of its business and the Company has concluded that such discontinuance could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

9.4 Payment of Taxes and Claims.

The Obligors will, and will cause each other Subsidiary to, file all income tax or similar tax returns required to be filed in any jurisdiction and to pay and discharge all taxes shown to be due and payable on such returns and all other taxes, assessments, governmental charges, or levies imposed on them or any of their properties, assets, income or franchises, to the extent such taxes and assessments have become due and payable and before they have become delinquent and all claims for which sums have become due and payable that have or might become a Lien on properties or assets of any Obligor or any other Subsidiary, provided that neither any Obligor nor any other Subsidiary need pay any such tax or assessment or claims if (i) the amount, applicability or validity thereof is contested by such Obligor or such Subsidiary on a timely basis in good faith and in appropriate proceedings, and an Obligor or another Subsidiary has established adequate reserves therefor in accordance with GAAP on its books or (ii) the

nonpayment of all such taxes and assessments in the aggregate could not reasonably be expected to have a Material Adverse Effect.

9.5 Corporate Existence, etc.

Subject to Sections 10.6 and 10.7, each Obligor will at all times preserve and keep in full force and effect its corporate existence. Subject to Sections 10.6 and 10.7, the Company will at all times preserve and keep in full force and effect the corporate existence of each of its Subsidiaries (unless merged into the Company or a Subsidiary) and all rights and franchises of the Company and its Subsidiaries unless, in the good faith judgment of the Company, the termination of or failure to preserve and keep in full force and effect such corporate existence, right or franchise could not, individually or in the aggregate, have a Material Adverse Effect.

9.6 Ranking of Notes.

The Notes and the Obligors' obligations under this Agreement will rank at least pari passu with all of the Obligors' outstanding unsecured Senior Debt.

9.7 Subsidiary Guaranty.

(a) Subsidiary Guarantors. The Obligors will not permit any other Material Domestic Subsidiary to become a borrower under, or to directly or indirectly guarantee any obligations of any Obligor under, any Loan Agreement unless the Obligors cause such Subsidiary, concurrently therewith, to execute and deliver a guaranty in substantially the form of Exhibit 9.7 (the "Subsidiary Guaranty"), or, if such Subsidiary Guaranty has previously been delivered, to execute and deliver a Joinder to the Subsidiary Guaranty and deliver to each holder of Notes:

(i) copies of such directors' or other authorizing resolutions, charter, bylaws and other constitutive documents of such Subsidiary as the Required Holders may reasonably request; and

(ii) an opinion of counsel covering the authorization, execution, delivery, compliance with law, no conflict with other documents, no consents and enforceability of the Subsidiary Guaranty against such Subsidiary.

(b) Additional Subsidiary Guarantors. If at any time (i) the aggregate assets of all of the Company's Domestic Subsidiaries that are not Obligors or Subsidiary Guarantors exceeds 20% of Consolidated Total Assets, or (ii) the Consolidated Adjusted Net Income for the four consecutive fiscal quarters most recently ended of all of the Company's Domestic Subsidiaries that are not Obligors or Subsidiary Guarantors exceeds 20% of the Company's Consolidated Adjusted Net Income for such period, the Company will, within 30 days after its senior management becomes aware (or reasonably should have become aware) of such event, cause additional Domestic Subsidiaries to execute and deliver a Joinder to the Subsidiary Guaranty so that, after giving effect thereto, the threshold levels in clauses (i) and (ii) above are not exceeded and shall deliver to each holder of Notes the documents listed in Section 9.7(a)(i) and (ii).

9.8 Books and Records.

The Company will, and will cause each of its Subsidiaries to, maintain proper books of record and account in conformity with GAAP and all applicable requirements of any Governmental Authority having legal or regulatory jurisdiction over the Company or such Subsidiary, as the case may be.

10. NEGATIVE COVENANTS.

The Obligors, jointly and severally, covenant that so long as any of the Notes are outstanding:

10.1 Debt to Adjusted EBITDA Ratio.

The Company will not permit the Debt to Adjusted EBITDA Ratio, as of the end of any fiscal quarter, to be greater than 3.50 to 1.00; provided that, upon notice by the Obligors to the holders of Notes, as of the last day of each of the four consecutive fiscal quarters immediately following a Qualified Acquisition, such ratio may be greater than 3.50 to 1.00, but in no event greater than 4.00 to 1.00, if the Company pays the additional interest provided for in Section 1.2.

10.2 Interest Coverage.

The Company will not permit the ratio of Consolidated Adjusted EBITDA to Consolidated Interest Expense (in each case for the Company's then most recently completed four fiscal quarters) to be less than 2.50 to 1.00 at any time.

10.3 Priority Debt.

The Company will not permit Priority Debt to exceed 15% of Consolidated Total Assets (as of the end of the Company's then most recently completed fiscal quarter) at any time.

10.4 Liens.

The Company will not, and will not permit any Subsidiary to, permit to exist, create, assume or incur, directly or indirectly, any Lien on its properties or assets, whether now owned or hereafter acquired, except:

(a) Liens for taxes, assessments or governmental charges not then due and delinquent or the nonpayment of which is permitted by Section 9.4;

(b) any attachment or judgment Lien, unless the judgment it secures has not, within 60 days after the entry thereof, been discharged or execution thereof stayed pending appeal, or has not been discharged within 60 days after the expiration of any such stay;

(c) Liens incidental to the conduct of business or the ownership of properties and assets (including landlords', lessors', carriers', warehousemen's, mechanics', materialmen's and other similar Liens) and Liens to secure the performance of bids, tenders, leases or trade

contracts, or to secure statutory obligations (including obligations under workers compensation, unemployment insurance and other social security legislation), surety or appeal bonds or other Liens of like general nature incurred in the ordinary course of business and not in connection with the borrowing of money;

(d) encumbrances in the nature of leases, subleases, zoning restrictions, easements, rights of way, minor survey exceptions and other rights and restrictions of record on the use of real property and defects in title arising or incurred in the ordinary course of business, which, individually and in the aggregate, do not materially impair the use of the property or assets subject thereto by the Company or such Subsidiary in their business or which relate only to assets that in the aggregate are not Material;

(e) Liens securing Debt existing on property or assets of the Company or any Subsidiary as of the date of this Agreement that are described in Schedule 10.4;

(f) Liens (i) existing on property at the time of its acquisition by the Company or a Subsidiary and not created in contemplation thereof, whether or not the Debt secured by such Lien is assumed by the Company or a Subsidiary; or (ii) on property (including (Capital Leases) created contemporaneously with its acquisition or within 180 days of the acquisition or completion of construction or improvements thereof to secure or provide for all or a portion of the acquisition price or cost of construction or improvements of such property after the date of Closing; or (iii) existing on property of a Person at the time such Person is merged or consolidated with, or becomes a Subsidiary of, or substantially all of its assets are acquired by, the Company or a Subsidiary and not created in contemplation thereof; provided that such Liens do not extend to additional property of the Company or any Subsidiary (other than property that is an improvement to or is acquired for specific use in connection with the subject property) and that the aggregate principal amount of Debt secured by each such Lien does not exceed the lesser of cost of acquisition or construction or the fair market value (determined in good faith by one or more officers of the Company to whom authority to enter into the transaction has been delegated by the board of directors of the Company) of the property subject thereto;

(g) Liens resulting from extensions, renewals or replacements of Liens permitted by paragraphs (e) and (f), provided that (i) there is no increase in the principal amount or decrease in maturity of the Debt secured thereby at the time of such extension, renewal or replacement, (ii) any new Lien attaches only to the same property theretofore subject to such earlier Lien and (iii) immediately after such extension, renewal or replacement no Default or Event of Default would exist;

(h) Liens securing Debt of a Subsidiary owed to the Company or to a Wholly Owned Subsidiary;

(i) Liens arising in connection with a Contract Purchase Facility or a Permitted Receivables Securitization Transaction on the assets transferred in connection therewith, including proceeds and cash;

(j) Liens on the properties or assets of any Foreign Subsidiary, whether now or hereafter acquired, securing Debt that is non-recourse to the Company or any Domestic Subsidiary; provided that the aggregate principal amount of Debt secured by all such Liens does not exceed \$5,000,000 at any time;

(k) Liens securing Debt not otherwise permitted by paragraphs (a) through (j) above, provided that Priority Debt does not exceed 15% of Consolidated Total Assets (as of the end of the Company's then most recently completed fiscal quarter) at any time; provided, further, that notwithstanding the foregoing, the Company will not, and will not permit any of its Subsidiaries to, secure any Debt outstanding under or pursuant to the Credit Agreement or the Term Loan Agreement pursuant to this Section 10.4(k) unless and until the Notes (and any guaranty delivered in connection therewith) shall be concurrently secured equally and ratably with such Debt pursuant to documentation reasonably acceptable to the Required Holders in substance and in form.

10.5 Subsidiary Debt.

The Company will not at any time permit any Subsidiary (other than an Obligor), directly or indirectly, to create, incur, assume, guarantee, have outstanding, or otherwise become or remain directly or indirectly liable for, any Debt other than:

(a) Debt outstanding on the date hereof that is described on Schedule 10.5, and any replacement, renewal, refinancing or extension of any such Debt that (i) does not exceed the aggregate principal amount (plus accrued interest and any applicable premium and associated fees and expenses) of the Debt being replaced, renewed, refinanced or extended, (ii) does not have a Weighted Average Life to Maturity at the time of such replacement, renewal, refinancing or extension that is less than the Weighted Average Life to Maturity of the Debt being replaced, renewed, refinanced or extended and (iii) does not rank at the time of such replacement, renewal, refinancing or extension senior to the Debt being replaced, renewed, refinanced or extended;

(b) Debt owed to the Company or a Wholly Owned Subsidiary;

(c) Debt of any Subsidiary Guarantor;

(d) Debt of a Subsidiary outstanding at the time of its acquisition by the Company, provided that (i) such Debt was not incurred in contemplation of becoming a Subsidiary, and (ii) at the time of such acquisition and after giving effect thereto, no Default or Event of Default exists or would exist, and any replacement, renewal, refinancing or extension of any such Debt that (i) does not exceed the aggregate principal amount (plus accrued interest and any applicable premium and associated fees and expenses) of the Debt being replaced, renewed, refinanced or extended, (ii) does not have a Weighted Average Life to Maturity at the time of such replacement, renewal, refinancing or extension that is less than the Weighted Average Life to Maturity of the Debt being replaced, renewed, refinanced or extended and (iii) does not rank at the time of such replacement, renewal, refinancing or extension senior to the Debt being replaced, renewed, refinanced or extended;

(e) Debt incurred by any Foreign Subsidiary, whether now or hereafter acquired, that is non-recourse to the Company or any Domestic Subsidiary; provided that the aggregate principal amount of such Debt does not exceed \$5,000,000 at any time;

(f) Debt not otherwise permitted by the preceding clauses (a) through (e), provided that immediately before and after giving effect thereto and to the application of the proceeds thereof,

(i) no Default or Event of Default exists, and

(ii) Priority Debt does not exceed 15% of Consolidated Total Assets (as of the end of the Company's then most recently completed fiscal quarter) at any time.

10.6 Mergers, Consolidations, etc.

(a) The Company will not consolidate with or merge with any other Person or convey, transfer, sell or lease all or substantially all of its assets in a single transaction or series of transactions to any Person unless:

(i) the successor formed by such consolidation or the survivor of such merger or the Person that acquires by conveyance, transfer, sale or lease all or substantially all of the assets of the Company as an entirety, as the case may be, is a solvent corporation organized and existing under the laws of the United States or any state thereof (including the District of Columbia), and, if the Company is not such corporation, such corporation (A) shall have executed and delivered to each holder of any Notes its assumption of the due and punctual performance and observance of each covenant and condition of this Agreement and the Notes and (B) shall have caused to be delivered to each holder of any Notes an opinion of nationally recognized independent counsel or other independent counsel reasonably satisfactory to the Required Holders, to the effect that all agreements or instruments effecting such assumption are enforceable in accordance with their terms and comply with the terms hereof; and

(ii) immediately before and after giving effect to such transaction, no Default or Event of Default shall have occurred and be continuing.

No such conveyance, transfer, sale or lease of all or substantially all of the assets of the Company shall have the effect of releasing the Company or any successor corporation that shall theretofore have become such in the manner prescribed in this Section 10.6 from its liability under this Agreement or the Notes.

(b) The Company will not permit any Subsidiary that is an Obligor to consolidate with or merge with any other Subsidiary that is not an Obligor (a "Non-Obligor Subsidiary") if such Non-Obligor Subsidiary is the successor or survivor, or convey, transfer, sell or lease all or substantially all of its assets in a single transaction or series of transactions to any Non-Obligor Subsidiary, unless:

(i) such Non-Obligor Subsidiary (A) is a solvent corporation organized and existing under the laws of the United States or any state thereof (including the District of Columbia), (B) shall have executed and delivered to each holder of any Notes its assumption of the due and punctual performance and observance of each covenant and condition of this Agreement and the Notes and (C) shall have caused to be delivered to each holder of any Notes an opinion of nationally recognized independent counsel or other independent counsel reasonably satisfactory to the Required Holders, to the effect that all agreements or instruments effecting such assumption are enforceable in accordance with their terms and comply with the terms hereof; and

(ii) immediately before and after giving effect to such transaction, no Default or Event of Default shall have occurred and be continuing.

10.7 Sale of Assets.

Except as permitted by Section 10.6, the Company will not, and will not permit any Subsidiary to, make any Asset Disposition unless:

(a) in the good faith opinion of the Company, the Asset Disposition is in exchange for consideration having a fair market value at least equal to that of the property exchanged and is in the best interest of the Company or such Subsidiary;

(b) immediately after giving effect to the Asset Disposition, no Default or Event of Default would exist; and

(c) (A) for any Asset Disposition occurring during the period beginning on the Amendment Effective Date and continuing through March 23, 2017, (i) the aggregate Disposition Value of all Closing Date Property that is the subject of any Asset Disposition during a Company fiscal year, excluding the value of intangible assets allocated to such property, would not exceed 15% of Consolidated Total Tangible Assets as of the end of the preceding fiscal year, and (ii) the aggregate Disposition Value of all Subsequently Acquired Property subject to any Asset Disposition during a Company fiscal year would not exceed 15% of Consolidated Total Assets as of the end of the preceding fiscal year; provided, however, that notwithstanding when the Company directly or indirectly acquired the property, the Company shall not make Asset Dispositions during any fiscal year that result in aggregate Disposition Value, excluding the value of intangible assets allocated to such property, that exceeds 15% of Consolidated Total Tangible Assets as of the end of the preceding fiscal year and (B) for any Asset Disposition occurring on or after March 24, 2017, immediately after giving effect to the Asset Disposition, the Disposition Value of all property that was the subject of any Asset Disposition occurring in the then current fiscal year of the Company would not exceed 15% of Consolidated Total Assets as of the end of the then most recently completed fiscal year of the Company; and

If the Net Proceeds Amount for any Transfer is applied to a Debt Prepayment Application or a Property Reinvestment Application within 90 days before or 365 days after such Transfer, then such Transfer, only for the purpose of determining compliance with paragraph (c) of this Section 10.7 as of any date, shall be deemed not to be an Asset Disposition.

10.8 Transactions with Affiliates.

The Company will not and will not permit any Subsidiary to enter into directly or indirectly any Material transaction or Material group of related transactions (including without limitation the purchase, lease, sale or exchange of properties of any kind or the rendering of any service) with any Affiliate (other than the Company or another Subsidiary), except in the ordinary course of the Company's or such Subsidiary's business and upon fair and reasonable terms no less favorable to the Company or such Subsidiary than would be obtainable in a comparable arm's-length transaction with a Person not an Affiliate.

10.9 Terrorism Sanctions Regulations.

The Obligors will not and will not permit any Controlled Entity to (a) become a Blocked Person or (b) have any investments in or engage in any dealings or transactions with any Blocked Person if such investments, dealings or transactions would cause any holder of a Note to be in violation of any laws or regulations that are applicable to such holder.

10.10 Material Acquisitions.

For the period commencing on the Third Amendment Effective Date through the Temporary Covenant Termination Date, the Obligors will not, and will not permit any Subsidiary to consummate a Material Acquisition.

10.11 Share Repurchases.

For the period commencing on the Third Amendment Effective Date through the Temporary Covenant Termination Date, the Company will not repurchase or otherwise acquire or retire any shares of its Capital Stock.

10.12 Most Favored Lender.

If the Company suffers to exist any terms or conditions or enters into any amendment or other modification, of the Credit Agreement, the Existing Loan Agreement or any notes, indenture or other agreements evidencing Debt incurred pursuant to Section 10.5(f) (collectively, "**Other Specified Indebtedness**") that (i) results in one or more additional or more restrictive Financial Covenants than those contained in this Agreement or (ii) solely in the case of Other Specified Indebtedness permitted under Section 10.5(f), results in any term, condition or provision (including, for the avoidance of doubt, any covenant, representation, default, security, guaranty or mandatory prepayment) that is not included in this Agreement or otherwise differs from the similar or equivalent term, condition or provision set forth in this Agreement in any material respect, then, in each case, the terms of this Agreement, without any further action on the part of the Company or any holder of Notes, will unconditionally be deemed on the Third Amendment Effective Date or the date of execution of any such amendment or other modification, as applicable, to be automatically amended to include each such additional or more restrictive Financial Covenant or other term, condition or provision, together with all definitions relating thereto, and any event of default in respect of any such additional or more restrictive

covenant(s) so included herein shall be deemed to be a Default under Section 11(c), subject to all applicable terms and provisions of this Agreement, including, without limitation, all grace periods, all limitations in application, scope or duration, and all rights and remedies exercisable by holders of Notes hereunder.

11. EVENTS OF DEFAULT.

An “Event of Default” shall exist if any of the following conditions or events shall occur and be continuing:

(a) the Obligors default in the payment of any principal, Make-Whole Amount, if any, on any Note when the same’ becomes due and payable, whether at maturity or at a date fixed for prepayment or by declaration or otherwise; or

(b) the Obligors default in the payment of any interest on any Note for more than five Business Days after the same becomes due and payable; or

(c) the Obligors default in the performance of or compliance with any term contained in Section 7.1(d), Sections 10.1 through 10.5, Section 10.7, or Sections 10.10 through 10.12;

(d) the Obligors default in the performance of or compliance with any term contained herein (other than those referred to in paragraphs (a), (b) and (c) of this Section 11) and such default is not remedied within 30 days after the earlier of (i) a Responsible Officer obtaining actual knowledge of such default or (ii) the Company receiving written notice of such default from any holder of a Note; or

(e) any representation or warranty made in writing by or on behalf of the Obligors or by any officer of any Obligor in this Agreement or in any writing furnished in connection with the transactions contemplated hereby or thereby proves to have been false or incorrect in any material respect on the date as of which made; or

(f) (i) any Obligor or any other Subsidiary is in default (as principal or as guarantor or other surety) in the payment of any principal or of premium or make-whole amount or libor-breakage amount or interest on any Debt that is outstanding in an aggregate principal amount of at least the greater of \$50,000,000 or 2% of Consolidated Total Assets beyond any period of grace provided with respect thereto, or (ii) any Obligor or any other Subsidiary is in default in the performance of or compliance with any term of any evidence of any Debt that is outstanding in an aggregate principal amount of at least the greater of \$50,000,000 or 2% of Consolidated Total Assets or of any mortgage, indenture or other agreement relating thereto or any other condition exists, and as a consequence of such default or condition such Debt has become, or has been declared (or, in the case of defaults other than Disclosure Defaults, one or more Persons are entitled to declare such Debt to be), due and payable before its stated maturity or before its regularly scheduled dates of payment, or (iii) as a consequence of the occurrence or continuation of any event or condition (other than the passage of time or the right of the holder of Debt to convert such Debt into equity interests), (A) any Obligor or any other Subsidiary has become

obligated to purchase or repay Debt before its regular maturity or before its regularly scheduled dates of payment in an aggregate outstanding principal amount of at least the greater of \$50,000,000 or 2% of Consolidated Total Assets or (B) other than Disclosure Defaults, one or more Persons have the right to require any Obligor or any other Subsidiary so to purchase or repay such Debt; or

(g) any Obligor or any other Subsidiary (i) is generally not paying, or admits in writing its inability to pay, its debts as they become due, (ii) files, or consents by answer or otherwise to the filing against it of, a petition for relief or reorganization or arrangement or any other petition in bankruptcy, for liquidation or to take advantage of any bankruptcy, insolvency, reorganization, moratorium or other similar law of any jurisdiction, (iii) makes an assignment for the benefit of its creditors, (iv) consents to the appointment of a custodian, receiver, trustee or other officer with similar powers with respect to it or with respect to any substantial part of its property, (v) is adjudicated as insolvent or to be liquidated, or (vi) takes corporate action for the purpose of any of the foregoing; or

(h) a court or governmental authority of competent jurisdiction enters an order appointing, without consent by any Obligor or any other Subsidiary, a custodian, receiver, trustee or other officer with similar powers with respect to it or with respect to any substantial part of its property, or constituting an order for relief or approving a petition for relief or reorganization or any other petition in bankruptcy or for liquidation or to take advantage of any bankruptcy or insolvency law of any jurisdiction, or ordering the dissolution, winding-up or liquidation of any Obligor or any other Subsidiary, or any such petition shall be filed against any Obligor or any other Subsidiary and such petition shall not be dismissed within 60 days; or

(i) a final judgment or judgments for the payment of money aggregating more than the greater of \$50,000,000 or 2% of Consolidated Total Assets are rendered against one or more of the Obligors and any other Subsidiaries, which judgments are not, within 60 days after entry thereof, bonded, discharged or stayed pending appeal, or are not discharged within 60 days after the expiration of such stay; or

(j) if (i) any Plan shall fail to satisfy the minimum funding standards of ERISA or the Code for any plan year or part thereof or a waiver of such standards or extension of any amortization period is sought or granted under section 412 of the Code, (ii) a notice of intent to terminate any Plan shall have been or is reasonably expected to be filed with the PBGC or the PBGC shall have instituted proceedings under ERISA section 4042 to terminate or appoint a trustee to administer any Plan or the PBGC shall have notified the Company or any ERISA Affiliate that a Plan may become a subject of any such proceedings, (iii) the aggregate "amount of unfunded benefit liabilities" (within the meaning of section 4001(a)(18) of ERISA) under all Plans determined in accordance with Title IV of ERISA, shall be greater than the greater of \$50,000,000 or 2% of Consolidated Total Assets, (iv) the Company or any ERISA Affiliate shall have incurred or is reasonably expected to incur any liability pursuant to Title I or IV of ERISA or the penalty or excise tax provisions of the Code relating to employee benefit plans, (v) the Company or any ERISA Affiliate withdraws from any Multiemployer Plan, or (vi) the Company or any Subsidiary establishes or amends any employee welfare benefit plan that provides post-

employment welfare benefits in a manner that would increase the liability of the Company or any Subsidiary thereunder; and any such event or events described in clauses (i) through (vi) above, either individually or together with any other such event or events, could reasonably be expected to have a Material Adverse Effect; or

(k) any Subsidiary Guarantor defaults in the performance of or compliance with any term contained in the Subsidiary Guaranty or the Subsidiary Guaranty ceases to be in full force and effect as a result of acts taken by the Company or any Subsidiary Guarantor, except as provided in Section 22, or is declared to be null and void in whole or in material part by a court or other governmental or regulatory authority having jurisdiction or the validity or enforceability thereof shall be contested by any of the Company or any Subsidiary Guarantor or any of them renounces any of the same or denies that it has any or further liability thereunder.

As used in Section 11(j), the terms “employee benefit plan” and “employee welfare benefit plan” shall have the respective meanings assigned to such terms in Section 3 of ERISA.

12. REMEDIES ON DEFAULT, ETC.

12.1 Acceleration.

(a) If an Event of Default with respect to any Obligor described in paragraph (g) or (h) of Section 11 (other than an Event of Default described in clause (i) of paragraph (g) or described in clause (vi) of paragraph (g) by virtue of the fact that such clause encompasses clause (i) of paragraph (g)) has occurred, all the Notes then outstanding shall automatically become immediately due and payable.

(b) If any other Event of Default has occurred and is continuing, holders of at least 51% in principal amount of the Notes at the time outstanding may at any time at its or their option, by notice or notices to the Obligors, declare all the Notes then outstanding to be immediately due and payable.

(c) If any Event of Default described in paragraph (a) or (b) of Section 11 has occurred and is continuing, any holder or holders of Notes at the time outstanding affected by such Event of Default may at any time, at its or their option, by notice or notices to the Company, declare all the Notes held by it or them to be immediately due and payable.

Upon any Notes becoming due and payable under this Section 12.1, whether automatically or by declaration, such Notes will forthwith mature and the entire unpaid principal amount of such Notes, plus (w) all accrued and unpaid interest thereon and (x) any applicable Make-Whole Amount determined in respect of such principal amount (to the full extent permitted by applicable law), shall all be immediately due and payable, in each and every case without presentment, demand, protest or further notice, all of which are hereby waived. The Obligors acknowledge, and the parties hereto agree, that each holder of a Note has the right to maintain its investment in the Notes free from repayment by the Obligors (except as herein specifically provided for) and that the provision for payment of a Make-Whole Amount by the Obligors in the event that the Notes are prepaid or are accelerated as a result of an Event of

Default, is intended to provide compensation for the deprivation of such right under such circumstances.

12.2 Other Remedies.

If any Default or Event of Default has occurred and is continuing, and irrespective of whether any Notes have become or have been declared immediately due and payable under Section 12.1, the holder of any Note at the time outstanding may proceed to protect and enforce the rights of such holder by an action at law, suit in equity or other appropriate proceeding, whether for the specific performance of any agreement contained herein or in any Note, or for an injunction against a violation of any of the terms hereof or thereof, or in aid of the exercise of any power granted hereby or thereby or by law or otherwise.

12.3 Rescission.

At any time after any Notes have been declared due and payable pursuant to clause (b) or (c) of Section 12.1, the holders of at least 51% in principal amount of the Notes then outstanding, by written notice to the Obligors, may rescind and annul any such declaration and its consequences if (a) the Obligors have paid all overdue interest on the Notes, all principal of and any Make-Whole Amount on any Notes that are due and payable and are unpaid other than by reason of such declaration, and all interest on such overdue principal and any Make-Whole Amount and (to the extent permitted by applicable law) any overdue interest in respect of the Notes, at the Default Rate, (b) all Events of Default and Defaults, other than non-payment of amounts that have become due solely by reason of such declaration, have been cured or have been waived pursuant to Section 17, and (c) no judgment or decree has been entered for the payment of any monies due pursuant hereto or to the Notes. No rescission and annulment under this Section 12.3 will extend to or affect any subsequent Event of Default or Default or impair any right consequent thereon.

12.4 No Waivers or Election of Remedies, Expenses, etc.

No course of dealing and no delay on the part of any holder of any Note in exercising any right, power or remedy shall operate as a waiver thereof or otherwise prejudice such holder's rights, powers or remedies. No right, power or remedy conferred by this Agreement or by any Note or the Subsidiary Guaranty upon any holder thereof shall be exclusive of any other right, power or remedy referred to herein or therein or now or hereafter available at law, in equity, by statute or otherwise. Without limiting the obligations of the Obligors under Section 15, the Obligors will pay to the holder of each Note on demand such further amount as shall be sufficient to cover all costs and expenses of such holder incurred in any enforcement or collection under this Section 12, including, without limitation, reasonable attorneys' fees, expenses and disbursements.

13. REGISTRATION; EXCHANGE; SUBSTITUTION OF NOTES.

13.1 Registration of Notes.

The Company shall keep at its principal executive office a register for the registration and registration of transfers of Notes. The name and address of each holder of one or more Notes, each transfer thereof and the name and address of each transferee of one or more Notes shall be registered in such register. Prior to due presentment for registration of transfer, the Person in whose name any Note shall be registered shall be deemed and treated as the owner and holder thereof for all purposes hereof, and the Company shall not be affected by any notice or knowledge to the contrary. The Company shall give to any holder of a Note that is an Institutional Investor, promptly upon request therefor, a complete and correct copy of the names and addresses of all registered holders of Notes.

13.2 Transfer and Exchange of Notes.

Upon surrender of any Note at the principal executive office of the Company for registration of transfer or exchange (and in the case of a surrender for registration of transfer, duly endorsed or accompanied by a written instrument of transfer duly executed by the registered holder of such Note or his attorney duly authorized in writing and accompanied by the address for notices of each transferee of such Note or part thereof), the Obligors shall execute and deliver within five Business Days, at the Obligors' expense (except as provided below), one or more new Notes (as requested by the holder thereof) of the same series in exchange therefor, in an aggregate principal amount equal to the unpaid principal amount of the surrendered Note. Each such new Note shall be payable to such Person as such holder may request and shall be substantially in the form of Exhibit 1(a), (b) or (c) as appropriate. Each such new Note shall be dated and bear interest from the date to which interest shall have been paid on the surrendered Note or dated the date of the surrendered Note if no interest shall have been paid thereon. The Company may require payment of a sum sufficient to cover any stamp tax or governmental charge imposed in respect of any such transfer of Notes. Notes shall not be transferred in denominations of less than \$100,000, provided that if necessary to enable the registration of transfer by a holder of its entire holding of Notes, one Note may be in a denomination of less than \$100,000. Any transferee, by its acceptance of a Note registered in its name (or the name of its nominee), shall be deemed to have made the representation set forth in Section 6.2.

13.3 Replacement of Notes.

Upon receipt by the Company of evidence reasonably satisfactory to it of the ownership of and the loss, theft, destruction or mutilation of any Note (which evidence shall be, in the case of an Institutional Investor, notice from such Institutional Investor of such ownership and such loss, theft, destruction or mutilation), and

(a) in the case of loss, theft or destruction, of indemnity reasonably satisfactory to it (provided that if the holder of such Note is, or is a nominee for, an original Purchaser or another Institutional Investor holder of a Note with a minimum net worth of at least \$50,000,000, such Person's own unsecured agreement of indemnity shall be deemed to be satisfactory), or

(b) in the case of mutilation, upon surrender and cancellation thereof, the Obligors at their own expense shall execute and deliver within five Business Days, in lieu thereof, a new Note of the same series, dated and bearing interest from the date to which interest shall have

been paid on such lost, stolen, destroyed or mutilated Note or dated the date of such lost, stolen, destroyed or mutilated Note if no interest shall have been paid thereon.

14. PAYMENTS ON NOTES.

14.1 Place of Payment.

Subject to Section 14.2, payments of principal, Make-Whole Amount, if any, and interest becoming due and payable on the Notes shall be made in New York City at the principal office of JPMorgan Chase, NA in such jurisdiction. The Obligors may at any time, by notice to each holder of a Note, change the place of payment of the Notes so long as such place of payment shall be either the principal office of the Company in such jurisdiction or the principal office of a bank or trust company in such jurisdiction.

14.2 Home Office Payment.

So long as you or your nominee shall be the holder of any Note, and notwithstanding anything contained in Section 14.1 or in such Note to the contrary, the Obligors will pay all sums becoming due on such Note for principal, Make-Whole Amount, if any, and interest by the method and at the address specified for such purpose below your name in Schedule A, or by such other method or at such other address as you shall have from time to time specified to the Company in writing for such purpose, without the presentation or surrender of such Note or the making of any notation thereon, except that upon written request of the Company made concurrently with or reasonably promptly after payment or prepayment in full of any Note, you shall surrender such Note for cancellation, reasonably promptly after any such request, to the Company at its principal executive office or at the place of payment most recently designated by the Company pursuant to Section 14.1. Prior to any sale or other disposition of any Note held by you or your nominee you will, at your election, either endorse thereon the amount of principal paid thereon and the last date to which interest has been paid thereon or surrender such Note to the Company in exchange for a new Note or Notes pursuant to Section 13.2. The Obligors will afford the benefits of this Section 14.2 to any Institutional Investor that is the direct or indirect transferee of any Note purchased by you under this Agreement and that has made the same agreement relating to such Note as you have made in this Section 14.2.

15. EXPENSES, ETC.

15.1 Transaction Expenses.

Whether or not the transactions contemplated hereby are consummated, the Obligors will pay all costs and expenses (including reasonable attorneys' fees of a special counsel and, if reasonably required, local or other counsel) incurred by you and each Other Purchaser or holder of a Note in connection with such transactions and in connection with any amendments, waivers or consents under or in respect of this Agreement or the Notes (whether or not such amendment, waiver or consent becomes effective), including: (a) the costs and expenses incurred in enforcing or defending (or determining whether or how to enforce or defend) any rights under this Agreement or the Notes, or in responding to any subpoena or other legal process or informal

investigative demand issued in connection with this Agreement or the Notes, or by reason of being a holder of any Note, (b) the costs and expenses, including financial advisors' fees, incurred in connection with the insolvency or bankruptcy of any Obligor or any other Subsidiary or in connection with any work-out or restructuring of the transactions contemplated hereby and by the Notes, and (c) the costs and expenses not in excess of \$3,000 incurred in connection with the initial filing of this Agreement and all related documents and financial information, and all subsequent annual and interim filings of documents and financial information related to this Agreement, with the Securities Valuation Office of the National Association of Insurance Commissioners or any successor organization succeeding to the authority thereof The Obligors will pay, and will save you and each other holder of a Note harmless from, all claims in respect of any fees, costs or expenses if any, of brokers and finders (other than those retained by you).

15.2 Survival.

The obligations of the Obligors under this Section 15 will survive the payment or transfer of any Note, the enforcement, amendment or waiver of any provision of this Agreement or the Notes, and the termination of this Agreement.

16. SURVIVAL OF REPRESENTATIONS AND WARRANTIES; ENTIRE AGREEMENT.

All representations and warranties contained herein shall survive the execution and delivery of this Agreement and the Notes, the purchase or transfer by you of any Note or portion thereof or interest therein and the payment of any Note, and may be relied upon by any subsequent holder of a Note, regardless of any investigation made at any time by or on behalf of you or any other holder of a Note. All statements contained in any certificate or other instrument delivered by or on behalf of any Obligor pursuant to this Agreement shall be deemed representations and warranties of such Obligor under this Agreement. Subject to the preceding sentence, this Agreement and the Notes embody the entire agreement and understanding between you and the Obligors and supersede all prior agreements and understandings relating to the subject matter hereof.

17. AMENDMENT AND WAIVER.

17.1 Requirements.

This Agreement, the Notes and the Subsidiary Guaranty may be amended, and the observance of any term hereof or of the Notes may be waived (either retroactively or prospectively), with (and only with) the written consent of the Obligors and the Required Holders, except that (a) no amendment or waiver of any of the provisions of Section 1, 2, 3, 4, 5, 6 or 21 hereof, or any defined term (as it is used therein), will be effective as to you unless consented to by you in writing, and (b) no such amendment or waiver may, without the written consent of the holder of each Note at the time outstanding affected thereby, (i) subject to the provisions of Section 12 relating to acceleration or rescission, change the amount or time of any prepayment or payment of principal of, or reduce the rate or change the time of payment or method of computation of interest or of the Make-Whole Amount on, the Notes, (ii) change the

percentage of the principal amount of the Notes the holders of which are required to consent to any such amendment or waiver, or (iii) amend any of Sections 8, 11(a), 11(b), 12, 17 or 20.

17.2 Solicitation of Holders of Notes.

(a) Solicitation. The Company will provide each holder of the Notes (irrespective of the amount of Notes then owned by it) with sufficient information, sufficiently far in advance of the date a decision is required, to enable such holder to make an informed and considered decision with respect to any proposed amendment, waiver or consent in respect of any of the provisions hereof or of the Notes. The Company will deliver executed or true and correct copies of each amendment, waiver or consent effected pursuant to the provisions of this Section 17 to each holder of outstanding Notes promptly following the date on which it is executed and delivered by, or receives the consent or approval of, the requisite holders of Notes.

(b) Payment. The Obligors will not directly or indirectly pay or cause to be paid any remuneration, whether by way of supplemental or additional interest, fee or otherwise, or grant any security or provide other credit support, to any holder of Notes as consideration for or as an inducement to the entering into by any holder of Notes or any waiver or amendment of any of the terms and provisions hereof unless such remuneration is concurrently paid, or security is concurrently granted, or other credit support is concurrently provided, on the same terms, ratably to each holder of Notes then outstanding even if such holder did not consent to such waiver or amendment.

(c) Consent in Contemplation of Transfer. Any consent made pursuant to this Section 17 by a holder of Notes that has transferred or has agreed to transfer its Notes to any Obligor, any Subsidiary or any Affiliate of any Obligor and has provided or has agreed to provide such written consent as a condition to such transfer shall be void and of no force or effect except solely as to such holder, and any amendments effected or waivers granted or to be effected or granted that would not have been or would not be so effected or granted but for such consent (and the consents of other holders of Notes that were acquired under the same or similar conditions) shall be void and of no force or effect except solely as to such holder.

17.3 Binding Effect, etc.

Any amendment or waiver consented to as provided in this Section 17 applies equally to all holders of Notes and is binding upon them and upon each future holder of any Note and upon the Obligors without regard to whether such Note has been marked to indicate such amendment or waiver. No such amendment or waiver will extend to or affect any obligation, covenant, agreement, Default or Event of Default not expressly amended or waived or impair any right consequent thereon. No course of dealing between the Obligors and the holder of any Note nor any delay in exercising any rights hereunder or under any Note shall operate as a waiver of any rights of any holder of such Note. As used herein, the term “this Agreement” or “the Agreement” and references thereto shall mean this Agreement as it may from time to time be amended or supplemented.

17.4 Notes held by Obligors, etc.

Solely for the purpose of determining whether the holders of the requisite percentage of the aggregate principal amount of Notes then outstanding approved or consented to any amendment, waiver or consent to be given under this Agreement or the Notes, or have directed the taking of any action provided herein or in the Notes to be taken upon the direction of the holders of a specified percentage of the aggregate principal amount of Notes then outstanding, Notes directly or indirectly owned by any Obligor or any of its Affiliates shall be deemed not to be outstanding.

18. NOTICES.

All notices and communications provided for hereunder shall be in writing and sent (a) by facsimile if the sender on the same day sends a confirming copy of such notice by a recognized overnight delivery service (charges prepaid), or (b) by registered or certified mail with return receipt requested (postage prepaid), or (c) by a recognized overnight delivery service (**with** charges prepaid). Any such notice must be sent:

(i) if to you or your nominee, to you or it at the address specified for such communications in Schedule A, or at such other address as you or it shall have specified to the Company in writing,

(ii) if to any other holder of any Note, to such holder at such address as such other holder shall have specified to the Company in writing, or

(iii) if to the Company or to the Obligors, to the Company at its address set forth at the beginning hereof to the attention of the Chief Financial Officer, or at such other address as the Company shall have specified to the holder of each Note in writing.

Notices under this Section 18 will be deemed given only when actually received.

19. REPRODUCTION OF DOCUMENTS.

This Agreement and ‘all documents relating thereto, including, without limitation, (a) consents, waivers and modifications that may hereafter be executed, (b) documents received by you at the Closing (except the Notes themselves), and (c) financial statements, certificates and other information previously or hereafter furnished to you, may be reproduced by you by any photographic, photo static, microfilm, micro card, miniature photographic or other similar process and you may destroy any original document so reproduced. The Obligors agree and stipulate that, to the extent permitted by applicable law, any such reproduction shall be admissible in evidence as the original itself in any judicial or administrative proceeding (whether or not the original is in existence and whether or not such reproduction was made by you in the regular course of business) and any enlargement, facsimile or further reproduction of such reproduction shall likewise be admissible in evidence. This Section 19 shall not prohibit the Obligors or any other holder of Notes from contesting any such reproduction to the same extent that it could contest the original, or from introducing evidence to demonstrate the inaccuracy of any such reproduction.

20. CONFIDENTIAL INFORMATION.

For the purposes of this Section 20, “Confidential Information” means information delivered to you by or on behalf of any Obligor or any other Subsidiary in connection with the transactions contemplated by or otherwise pursuant to this Agreement that is proprietary in nature and that was clearly marked or labeled or otherwise adequately identified when received by you as being confidential information of such Obligor or such Subsidiary, provided that such term does not include information that (a) was publicly known or otherwise known to you prior to the time of such disclosure, (b) subsequently becomes publicly known through no act or omission by you or any person acting on your behalf, (c) otherwise becomes known to you other than through disclosure by any Obligor or any other Subsidiary or (d) constitutes financial statements delivered to you under Section 7.1 that are otherwise publicly available. You will maintain the confidentiality of such Confidential Information in accordance with procedures adopted by you in good faith to protect confidential information of third parties delivered to you, provided that you may deliver or disclose Confidential Information to (i) your directors, trustees, officers, employees, agents, attorneys and affiliates (to the extent such disclosure reasonably relates to the administration of the investment represented by your Notes), (ii) your financial advisors and other professional advisors who agree to hold confidential the Confidential Information substantially in accordance with the terms of this Section 20, (iii) any other holder of any Note, (iv) any Institutional Investor to which you sell or offer to sell such Note or any part thereof or any participation therein (if such Person has agreed in writing prior to its receipt of such Confidential Information to be bound by the provisions of this Section 20), (v) any Person from which you offer to purchase any security of any Obligor (if such Person has agreed in writing prior to its receipt of such Confidential Information to be bound by the provisions of this Section 20), (vi) any federal or state regulatory authority having jurisdiction over you, (vii) the National Association of Insurance Commissioners or any similar organization, or any nationally recognized rating agency that requires access to information about your investment portfolio or (viii) any other Person to which such delivery or disclosure may be necessary or appropriate (w) to effect compliance with any law, rule, regulation or order applicable to you, (x) in response to any subpoena or other legal process, (y) in connection with any litigation to which you are a party or (z) if an Event of Default has occurred and is continuing, to the extent you may reasonably determine such delivery and disclosure to be necessary or appropriate in the enforcement or for the protection of the rights and remedies under your Notes and this Agreement. Each holder of a Note, by its acceptance of a Note, will be deemed to have agreed to be bound by and to be entitled to the benefits of this Section 20 as though it were a party to this Agreement. On reasonable request by the Obligors in connection with the delivery to any holder of a Note of information required to be delivered to such holder under this Agreement or requested by such holder (other than a holder that is a party to this Agreement or its nominee), such holder will enter into an agreement with the Obligors embodying the provisions of this Section 20.

Notwithstanding anything to the contrary set forth herein or in any other written or oral understanding or agreement to which the parties hereto are parties or by which they are bound, the parties acknowledge and agree that (i) any obligations of confidentiality contained herein and therein do not apply and have not applied from the commencement of discussions between the

parties to the tax treatment and tax structure of the Notes (and any related transactions or arrangements), and (ii) each party (and each of its employees, representatives, or other agents) may disclose to any and all persons, without limitation of any kind, the tax treatment and tax structure of the Notes and all materials of any kind (including opinions or other tax analyses) that are provided to such party relating to such tax treatment and tax structure, all within the meaning of Treasury Regulations Section 1.6011-4.

21. SUBSTITUTION OF PURCHASER.

You shall have the right to substitute any one of your Affiliates as the purchaser of the Notes that you have agreed to purchase hereunder, by written notice to the Obligors, which notice shall be signed by both you and such Affiliate, shall contain such Affiliate's agreement to be bound by this Agreement and shall contain a confirmation by such Affiliate of the accuracy with respect to it of the representations set forth in Section 6. Upon receipt of such notice, wherever the word "you" is used in this Agreement (other than in this Section 21), such word shall be deemed to refer to such Affiliate in lieu of you. In the event that such Affiliate is so substituted as a purchaser hereunder and such Affiliate thereafter transfers to you all of the Notes then held by such Affiliate, upon receipt by the Company of notice of such transfer, wherever the word "you" is used in this Agreement (other than in this Section 21), such word shall no longer be deemed to refer to such Affiliate, but shall refer to you, and you shall have all the rights of an original holder of the Notes under this Agreement.

22. RELEASE OF OBLIGOR OR SUBSIDIARY GUARANTOR.

(a) Release Due to Asset Disposition. Each holder of a Note fully releases and discharges, immediately and without any further act, any Obligor, other than the Company, from its obligations under this Agreement and the Notes, or any Subsidiary Guarantor from the Subsidiary Guaranty, if such Obligor or Subsidiary Guarantor ceases to be a Subsidiary as a result of an Asset Disposition permitted by Section 10.7, provided that, at the time of such release and discharge, the Company delivers to each holder of Notes a certificate of a Responsible Officer certifying that such Obligor or Subsidiary Guarantor is being so released pursuant to this Section 22(a) and setting forth the facts and calculations necessary to establish compliance with Section 10.7.

(b) Release Due to Release Under Loan Agreements. Each holder of a Note fully releases and discharges, immediately and without any further act, any Obligor, other than the Company, from its obligations under this Agreement and the Notes, or any Subsidiary Guarantor from the Subsidiary Guaranty at such time as the banks party to all Loan Agreements to which such Obligor or Subsidiary Guarantor is a party release and discharge such Subsidiary Guarantor from any Guaranties thereunder or as a borrower thereunder; provided that,

(i) no Default or Event of Default exists or will exist immediately following such release and discharge of such Obligor or Subsidiary Guarantor;

(ii) if any fee or other consideration is paid or given to any holder of Debt under any Loan Agreement in connection with such release and discharge of an Obligor or

Subsidiary Guarantor, other than the repayment of all or a portion of such Debt under any applicable Loan Agreement, each holder of a Note receives equivalent consideration on a pro rata basis; and

(iii) at the time of such release and discharge, the Company delivers to each holder of Notes a certificate of a Responsible Officer certifying (x) that such Obligor or Subsidiary Guarantor has been or is being released and discharged as guarantor or borrower under and in respect of all applicable Loan Agreements and (y) as to the matters set forth in clauses (i) and (ii).

23. MISCELLANEOUS.

23.1 Successors and Assigns.

All covenants and other agreements contained in this Agreement by or on behalf of any of the parties hereto bind and inure to the benefit of their respective successors and assigns (including, without limitation, any subsequent holder of a Note) whether so expressed or not.

23.2 Payments Due on Non-Business Days.

Anything in this Agreement or the Notes to the contrary notwithstanding (but without limiting the requirement in Section 8.3 that the notice of any optional prepayment specify a Business Day as the date fixed for such prepayment), any payment of principal or or Make-Whole Amount or interest on any Note that is due on a date other than a Business Day shall be made on the next succeeding Business Day without including the additional days elapsed in the computation of the interest payable on such next succeeding Business Day; provided that if the maturity date of any Note is a date other than a Business Day, the payment otherwise due on such maturity date shall be made on the next succeeding Business Day and shall include the additional days elapsed in the computation of interest payable on such next succeeding Business Day.

23.3 Accounting Terms.

(a) All accounting terms used herein that are not expressly defined in this Agreement have the meanings respectively given to them in accordance with GAAP. Except as otherwise specifically provided herein, (i) all computations made pursuant to this Agreement shall be made in accordance with GAAP, and (ii) all financial statements shall be prepared in accordance with GAAP.

(b) For purposes of determining compliance with the financial covenants contained in this Agreement, any election by the Company to measure any financial liability using fair value (as permitted by Accounting Standard Codification Topic No. 825-10-25 — *Fair Value Option* or any similar accounting standard) shall be disregarded and such determination shall be made as if such election had not been made.

(c) Notwithstanding the foregoing, if the Company notifies the holders of Notes that, in the Company's reasonable opinion, or if the Required Holders notify the Company that, in the Required Holders' reasonable opinion, as a result of a change in GAAP after the date of this Agreement, any covenant contained in Sections 10.1 through 10.5 and Section 10.7, or any of the defined terms used therein no longer apply as intended such that such covenants are materially more or less restrictive to the Company than as at the date of this Agreement, the Company shall negotiate in good faith with the holders of Notes to make any necessary adjustments to such covenant or defined term to provide the holders of the Notes with substantially the same protection as such covenant provided prior to the relevant change in GAAP. Until the Company and the Required Holders so agree to reset, amend or establish alternative covenants or defined terms, (i) the covenants contained in Sections 10.1 through 10.5 and Section 10.7, together with the relevant defined terms, shall continue to apply and compliance therewith shall be determined on the basis of GAAP in effect at the date of this Agreement and (ii) each set of financial statements delivered to holders of Notes pursuant to Section 7.1(a) or (b) during such time shall include detailed reconciliations reasonably satisfactory to the Required Holders as to the effect of such change in GAAP.

23.4 Severability.

Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall (to the full extent permitted by law) not invalidate or render unenforceable such provision in any other jurisdiction.

23.5 Construction.

Each covenant contained herein shall be construed (absent express provision to the contrary) as being independent of each other covenant contained herein, so that compliance with any one covenant shall not (absent such an express contrary provision) be deemed to excuse compliance with any other covenant. Where any provision herein refers to action to be taken by any Person, or which such Person is prohibited from taking, such provision shall be applicable whether such action is taken directly or indirectly by such Person.

23.6 Counterparts.

This Agreement may be executed in any number of counterparts, each of which shall be an original but all of which together shall constitute one instrument. Each counterpart may consist of a number of copies hereof, each signed by less than all, but together signed by all, of the parties hereto.

23.7 Governing Law; Submission to Jurisdiction.

This Agreement shall be construed and enforced in accordance with, and the rights of the parties shall be governed by, the law of the State of New York excluding choice-of-law

principles of the law of such State that would require the application of the laws of a jurisdiction other than such State.

Each Obligor irrevocably submits to the jurisdiction of the courts of the State of New York and of the courts of the United States of America having jurisdiction in the State of New York for the purpose of any legal action or proceeding in any such court with respect to, or arising out of, this Agreement or the Notes. Each Obligor consents to process being served in any suit, action or proceeding by mailing a copy thereof by registered or certified mail, postage prepaid, return receipt requested, to the address of such Obligor specified in or designated pursuant to this Agreement. Each Obligor agrees that such service upon receipt (i) shall be deemed in every respect effective service of process upon it in any such suit, action or proceeding and (ii) shall, to the fullest extent permitted by law, be taken and held to be valid personal service upon and personal delivery to such Obligor.

Remainder of page intentionally left blank.

If you are in agreement with the foregoing, please sign the form of agreement on the accompanying counterpart of this Agreement and return it to the Company, whereupon the foregoing shall become a binding agreement between you and the Obligors.

Conformed copy of agreement does not contain signatures as signatories only sign individual amendments.

PATTERSON COMPANIES, INC.
PATTERSON MEDICAL HOLDINGS, INC.
PATTERSON MEDICAL SUPPLY, INC.
PATTERSON DENTAL HOLDINGS, INC.
PATTERSON DENTAL SUPPLY, INC.
PATTERSON VETERINARY SUPPLY, INC.
PATTERSON MANAGEMENT, LP

\$250,000,000 3.48% Senior Notes due March 24, 2025

NOTE PURCHASE AGREEMENT

Dated as of March 23, 2015

PPN: 70342@ AG3

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PATTERSON COMPANIES, INC.
PATTERSON MEDICAL HOLDINGS, INC.
PATTERSON MEDICAL SUPPLY, INC.
PATTERSON DENTAL HOLDINGS, INC.
PATTERSON DENTAL SUPPLY, INC.
PATTERSON VETERINARY SUPPLY, INC.
PATTERSON MANAGEMENT, LP
1031 Mendota Heights Road
St. Paul, MN 55120
(651) 686-1600
Fax: (651) 686-9331

\$250,000,000 3.48% Senior Notes due March 24, 2025

Dated as of March 23, 2015

TO EACH OF THE PURCHASERS LISTED IN THE ATTACHED SCHEDULE A:

Ladies and Gentlemen:

PATTERSON COMPANIES, INC., a Minnesota corporation (the "Company"), PATTERSON MEDICAL HOLDINGS, INC., a Delaware corporation ("Medical Holdings"), PATTERSON MEDICAL SUPPLY, INC., a Minnesota corporation ("Patterson Medical"), PATTERSON DENTAL HOLDINGS, INC., a Minnesota corporation ("Dental Holdings"), PATTERSON DENTAL SUPPLY, INC., a Minnesota corporation ("PDSI"), PATTERSON VETERINARY SUPPLY, INC., a Minnesota corporation ("Patterson Veterinary"), and PATTERSON MANAGEMENT, LP, a Minnesota limited partnership ("Patterson Management"), jointly and severally agree with you as follows:

1. AUTHORIZATION OF NOTES.

1.1. The Notes.

The Obligors have authorized the issue and sale of \$250,000,000 aggregate principal amount of their 3.48% Senior Notes, due March 24, 2025 (the "Notes," such term to include any such notes issued in substitution therefor pursuant to Section 13 of this Agreement). The Notes shall be substantially in the form set out in Exhibit 1, with such changes therefrom, if any, as may be approved by you and the Company. Certain capitalized terms used in this Agreement are defined in Schedule B; references to a "Schedule" or an "Exhibit" are, unless otherwise specified, to a Schedule or an Exhibit attached to this Agreement.

1.2. Additional Interest.

If the Debt to Adjusted EBITDA Ratio at any time exceeds 3.50 to 1.00, as evidenced by an Officer's Certificate delivered pursuant to Section 7.2(a), the interest rate payable on the Notes shall be increased by 0.50% (the "Incremental Interest"). Such Incremental Interest shall begin to accrue on the first day of the fiscal quarter following the fiscal quarter in respect of which such Certificate was delivered, and shall continue to accrue until the Company has provided an Officer's Certificate pursuant to Section 7.2(a) demonstrating that, as of the last day of the fiscal quarter in respect of which such Certificate is delivered, the Debt to Adjusted EBITDA Ratio is not more than 3.50 to 1.00. In the event such Officer's Certificate is delivered, the Incremental Interest shall cease to accrue on the last day of the fiscal quarter in respect of which such Certificate is delivered.

2. SALE AND PURCHASE OF NOTES.

Subject to the terms and conditions of this Agreement, the Obligor will issue and sell to you and each of the other purchasers named in Schedule A (the "Other Purchasers"), and you and the Other Purchasers will purchase from the Obligor, at the Closing provided for in Section 3, Notes in the principal amount specified opposite your names in Schedule A at the purchase price of 100% of the principal amount thereof. Your obligation hereunder and the obligations of the Other Purchasers are several and not joint obligations and you shall have no liability to any Person for the performance or non-performance by any Other Purchaser hereunder.

3. CLOSING.

The sale and purchase of the Notes to be purchased by you and the Other Purchasers shall occur at the offices of Foley & Lardner LLP, 321 North Clark Street, Suite 2800, Chicago, Illinois 60654-5313, at 9:00 a.m., Chicago time, at a closing (the "Closing") on March 23, 2015. At the Closing the Obligor will deliver to you the Notes to be purchased by you in the form of a single Note (or such greater number of Notes in denominations of at least \$100,000 as you may request) dated the date of the Closing and registered in your name (or in the name of your nominee), against delivery by you to the Obligor or their order of immediately available funds in the amount of the purchase price therefor by wire transfer of immediately available funds for the account of the Company (for the benefit of the Obligor) to account number 1 731 0172 5153 at US Bank National Association, Minneapolis Office, 800 Nicollet Mall, Minneapolis, MN 55402, ABA No. 091000022. If at the Closing any Obligor fails to tender such Notes to you as provided above in this Section 3, or any of the conditions specified in Section 4 shall not have been fulfilled to your satisfaction, you shall, at your election, be relieved of all further obligations under this Agreement, without thereby waiving any rights you may have by reason of such failure or such nonfulfillment.

4. CONDITIONS TO CLOSING.

Your obligation to purchase and pay for the Notes to be sold to you at the Closing is subject to the fulfillment to your satisfaction, prior to or at the Closing, of the following conditions:

4.1. Representations and Warranties.

The representations and warranties of the Obligor in this Agreement shall be correct when made and at the time of the Closing.

4.2. Performance; No Default.

The Obligor shall have performed and complied with all agreements and conditions contained in this Agreement required to be performed or complied with by them prior to or at the Closing and after giving effect to the issue and sale of the Notes (and the application of the proceeds thereof as contemplated by Section 5.14) no Default or Event of Default shall have occurred and be continuing. Neither any Obligor nor any other Subsidiary shall have entered into any transaction since the date of the Memorandum that would have been prohibited by Section 10 had such Section applied since such date.

4.3. Compliance Certificates.

(a) Officer's Certificate. Each Obligor shall have delivered to you an Officer's Certificate, dated the date of the Closing, certifying that the conditions specified in Sections 4.1, 4.2 and 4.9 have been fulfilled.

(b) Secretary's Certificate. Each Obligor shall have delivered to you a certificate certifying as to the resolutions attached thereto and other corporate proceedings relating to the authorization, execution and delivery of the Notes and the Agreement.

4.4. Opinions of Counsel.

You shall have received opinions in form and substance satisfactory to you, dated the date of the Closing (a) from Rutherford & Bechtold LLC and from Les Korsh, Esq., counsel to the Obligor, covering the matters set forth in Exhibit 4.4(a) and covering such other matters incident to the transactions contemplated hereby as you or your counsel may reasonably request (and the Obligor instruct their counsel to deliver such opinion to you) and (b) from Foley & Lardner LLP, your special counsel in connection with such transactions, substantially in the form set forth in Exhibit 4.4(b) and covering such other matters incident to such transactions as you may reasonably request.

4.5. Purchase Permitted By Applicable Law, etc.

On the date of the Closing your purchase of Notes shall (i) be permitted by the laws and regulations of each jurisdiction to which you are subject, without recourse to provisions (such as Section 1405(a)(8) of the New York Insurance Law) permitting limited investments by insurance companies without restriction as to the character of the particular investment, (ii) not

violate any applicable law or regulation (including, without limitation, Regulation U, T or X of the Board of Governors of the Federal Reserve System) and (iii) not subject you to any tax, penalty or liability under or pursuant to any applicable law or regulation, which law or regulation was not in effect on the date hereof. If requested by you, you shall have received an Officer's Certificate certifying as to such matters of fact as you may reasonably specify to enable you to determine whether such purchase is so permitted.

4.6. Sale of Other Notes.

Contemporaneously with the Closing the Obligors shall sell to the Other Purchasers and the Other Purchasers shall purchase the Notes to be purchased by them at the Closing as specified in Schedule A.

4.7. Payment of Special Counsel Fees.

Without limiting the provisions of Section 15.1, the Obligors shall have paid on or before the Closing the fees, charges and disbursements of your special counsel referred to in Section 4.4, to the extent reflected in a statement of such counsel rendered to the Obligors at least one Business Day prior to the Closing.

4.8. Private Placement Number.

A Private Placement Number issued by Standard & Poor's CUSIP Service Bureau (in cooperation with the Securities Valuation Office of the National Association of Insurance Commissioners) shall have been obtained for the Notes.

4.9. Changes in Corporate Structure.

Except as specified in Schedule 4.9, no Obligor shall have changed its jurisdiction of organization or been a party to any merger or consolidation and shall not have succeeded to all or any substantial part of the liabilities of any other entity, at any time following the date of the most recent financial statements referred to in Schedule 5.5.

4.10. Funding Instructions.

At least three Business Days prior to the date of the Closing, you shall have received written instructions signed by a Responsible Officer on letterhead of the Company confirming the information specified in Section 3 including (i) the name and address of the transferee bank, (ii) such transferee bank's ABA number and (iii) the account name and number into which the purchase price for the Notes is to be deposited.

4.11. Prior Note Purchase Agreements.

The Obligors shall deliver a fully executed copy of an amendment to each of the Prior Note Purchase Agreements, in form and substance satisfactory to you.

4.12. Proceedings and Documents.

All corporate or partnership and other proceedings in connection with the transactions contemplated by this Agreement and all documents and instruments incident to such transactions shall be satisfactory to you and your special counsel, and you and your special counsel shall have received all such counterpart originals or certified or other copies of such documents as you or they may reasonably request.

5. REPRESENTATIONS AND WARRANTIES OF THE COMPANY.

Each Obligor represents and warrants to you that:

5.1. Organization; Power and Authority.

Each Obligor is a corporation or limited partnership duly organized, validly existing and in good standing under the laws of its jurisdiction of organization, and is duly qualified as a foreign corporation or foreign limited partnership and is in good standing in each jurisdiction in which such qualification is required by law, other than those jurisdictions as to which the failure to be so qualified or in good standing could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. Each Obligor has the corporate or partnership power and authority to own or hold under lease the properties it purports to own or hold under lease, to transact the business it transacts and proposes to transact, to execute and deliver this Agreement and the Notes and to perform the provisions hereof and thereof.

5.2. Authorization, etc.

This Agreement and the Notes have been duly authorized by all necessary corporate or partnership action on the part of each Obligor, and this Agreement constitutes, and upon execution and delivery thereof each Note will constitute, a legal, valid and binding obligation of each Obligor enforceable against each Obligor in accordance with its terms, except as such enforceability may be limited by (i) applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally and (ii) general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

5.3. Disclosure.

The Obligors, through their agents, Merrill Lynch, Pierce, Fenner and Smith, Incorporated and J.P. Morgan Securities LLC, have delivered to you and each Other Purchaser a copy of a Confidential Private Placement Memorandum, dated February 2015, including the Company's Annual Reports on Form 10-K for the fiscal years ended April 27, 2013 and April 26, 2014 and the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended October 25, 2014 (the "Memorandum"), relating to the transactions contemplated hereby. The Memorandum fairly describes, in all material respects, the general nature of the business and principal properties of the Company and its Subsidiaries. Except as disclosed in Schedule 5.3, this Agreement, the Memorandum, the documents, certificates or other writings delivered to you by or on behalf of the Obligors in connection with the transactions contemplated hereby and the

financial statements listed in Schedule 5.5, taken as a whole, do not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein not misleading in light of the circumstances under which they were made. Except as disclosed in the Memorandum or as expressly described in Schedule 5.3, or in one of the documents, certificates or other writings identified therein, or in the financial statements listed in Schedule 5.5, since March 5, 2015, there has been no change in the financial condition, operations, business or properties of the Company or any Subsidiary except changes that individually or in the aggregate could not reasonably be expected to have a Material Adverse Effect. There is no fact known to any Obligor that could reasonably be expected to have a Material Adverse Effect that has not been set forth herein or in the Memorandum or in the other documents, certificates and other writings delivered to you by or on behalf of the Obligors specifically for use in connection with the transactions contemplated hereby.

5.4. Organization and Ownership of Shares of Subsidiaries; Affiliates.

(a) Schedule 5.4 contains (except as noted therein) complete and correct lists of: (i) the Company's Subsidiaries, showing, as to each Subsidiary, the correct name thereof, the jurisdiction of its organization, and the percentage of shares of each class of its capital stock or similar equity interests outstanding owned by the Company and each other Subsidiary, (ii) the Company's Affiliates, other than Subsidiaries, and (iii) the Company's directors and senior officers.

(b) All of the outstanding shares of capital stock or similar equity interests of each Subsidiary shown in Schedule 5.4 as being owned by the Company and its Subsidiaries have been validly issued, are fully paid and nonassessable and are owned by the Company or another Subsidiary free and clear of any Lien (except as otherwise disclosed in Schedule 5.4).

(c) Each Subsidiary identified in Schedule 5.4 is a corporation or other legal entity duly organized, validly existing and in good standing under the laws of its jurisdiction of organization, and is duly qualified as a foreign corporation or other legal entity and is in good standing in each jurisdiction in which such qualification is required by law, other than those jurisdictions as to which the failure to be so qualified or in good standing could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. Each such Subsidiary has the corporate or other power and authority to own or hold under lease the properties it purports to own or hold under lease and to transact the business it transacts and proposes to transact.

(d) No Subsidiary is a party to, or otherwise subject to, any legal restriction or any agreement (other than this Agreement, the agreements listed on Schedule 5.4 and customary limitations imposed by corporate or limited partnership law statutes) restricting the ability of such Subsidiary to pay dividends out of profits or make any other similar distributions of profits to the Company or any of its Subsidiaries that owns outstanding shares of capital stock or similar equity interests of such Subsidiary.

5.5. Financial Statements.

The Company has delivered to you and each Other Purchaser copies of the financial statements of the Company and its Subsidiaries listed on Schedule 5.5. All of said financial statements (including in each case the related schedules and notes) fairly present in all material respects the consolidated financial position of the Company and its Subsidiaries as of the respective dates specified in such Schedule and the consolidated results of their operations and cash flows for the respective periods so specified and have been prepared in accordance with GAAP consistently applied throughout the periods involved except as set forth in the notes thereto (subject, in the case of any interim financial statements, to normal year-end adjustments).

5.6. Compliance with Laws, Other Instruments, etc.

The execution, delivery and performance by each Obligor of this Agreement and the Notes will not (i) contravene, result in any breach of, or constitute a default under, or result in the creation of any Lien in respect of any property of any Obligor or any other Subsidiary under, any indenture, mortgage, deed of trust, loan, purchase or credit agreement, lease, corporate charter or by-laws, or any other agreement or instrument to which any Obligor or any other Subsidiary is bound or by which any Obligor or any other Subsidiary or any of their respective properties may be bound or affected, (ii) conflict with or result in a breach of any of the terms, conditions or provisions of any order, judgment, decree, or ruling of any court, arbitrator or Governmental Authority applicable to any Obligor or any other Subsidiary or (iii) violate any provision of any statute or other rule or regulation of any Governmental Authority applicable to any Obligor or any other Subsidiary.

5.7. Governmental Authorizations, etc.

No consent, approval or authorization of, or registration, filing or declaration with, any Governmental Authority is required in connection with the execution, delivery or performance by any Obligor of this Agreement or the Notes.

5.8. Litigation; Observance of Agreements, Statutes and Orders.

(a) Except as disclosed in Schedule 5.8, there are no actions, suits or proceedings pending or, to the knowledge of any Obligor, threatened against or affecting any Obligor or any other Subsidiary or any property of any Obligor or any other Subsidiary in any court or before any arbitrator of any kind or before or by any Governmental Authority that, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect.

(b) Neither any Obligor nor any other Subsidiary is in default under any term of any agreement or instrument to which it is a party or by which it is bound, or any order, judgment, decree or ruling of any court, arbitrator or Governmental Authority or is in violation of any applicable law, ordinance, rule or regulation (including Environmental Laws, the USA PATRIOT Act or any of the other laws and regulations that are referred to in Section 5.16) of any Governmental Authority, which default or violation, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect.

5.9. Taxes.

The Company and its Subsidiaries have filed all tax returns that are required to have been filed in any jurisdiction, and have paid all taxes shown to be due and payable on such returns and all other taxes and assessments levied upon them or their properties, assets, income or franchises, to the extent such taxes and assessments have become due and payable and before they have become delinquent, except for any taxes and assessments (i) the amount of which is not individually or in the aggregate Material or (ii) the amount, applicability or validity of which is currently being contested in good faith by appropriate proceedings and with respect to which the Company or a Subsidiary, as the case may be, has established adequate reserves in accordance with GAAP. The Company knows of no basis for any other tax or assessment that could reasonably be expected to have a Material Adverse Effect. The charges, accruals and reserves on the books of the Company and its Subsidiaries in respect of Federal, state or other taxes for all fiscal periods are adequate. The Federal income tax liabilities of the Company and its Subsidiaries have been determined by the Internal Revenue Service and paid for all fiscal years up to and including the fiscal year ended April 24, 2010.

5.10. Title to Property; Leases.

The Company and its Subsidiaries have good and sufficient title to their respective properties that individually or in the aggregate are Material, including all such properties reflected in the most recent audited balance sheet referred to in Section 5.5 or purported to have been acquired by the Company or any Subsidiary after said date (except as sold or otherwise disposed of in the ordinary course of business), in each case free and clear of Liens prohibited by this Agreement. All leases that individually or in the aggregate are Material are valid and subsisting and are in full force and effect in all material respects.

5.11. Licenses, Permits, etc.

Except as disclosed in Schedule 5.11,

(a) the Company and its Subsidiaries own or possess all licenses, permits, franchises, authorizations, patents, copyrights, service marks, trademarks and trade names, or rights thereto, that individually or in the aggregate are Material, without known conflict with the rights of others;

(b) to the best knowledge of each Obligor, there is no Material violation by any product of any Obligor or any other Subsidiary with respect to any patent, copyright, service mark, trademark, trade name, or other right owned by any other Person; and

(c) to the best knowledge of each Obligor, there is no Material violation by any Person of any right of any Obligor or any other Subsidiary with respect to any patent, copyright, service mark, trademark, trade name or other right owned or used by the any Obligor or any other Subsidiary.

5.12. Compliance with ERISA.

(a) The Company and each ERISA Affiliate have operated and administered each Plan in compliance with all applicable laws except for such instances of noncompliance as have not resulted in and could not reasonably be expected to result in a Material Adverse Effect. Neither the Company nor any ERISA Affiliate has incurred any liability pursuant to Title I or IV of ERISA or the penalty or excise tax provisions of the Code relating to employee benefit plans (as defined in section 3 of ERISA), and no event, transaction or condition has occurred or exists that could reasonably be expected to result in the incurrance of any such liability by the Company or any ERISA Affiliate, or in the imposition of any Lien on any of the rights, properties or assets of the Company or any ERISA Affiliate, in either case pursuant to Title I or IV of ERISA or to section 430(k) of the Code or to any such penalty or excise tax provisions under the Code or Federal law or section 4068 of ERISA or by the granting of a security interest in connection with the amendment of a Plan, other than such liabilities or Liens as would not be individually or in the aggregate Material.

(b) The present value of the aggregate benefit liabilities under each of the Plans (other than Multiemployer Plans), determined as of the end of such Plan's most recently ended plan year on the basis of the actuarial assumptions specified for funding purposes in such Plan's most recent actuarial valuation report, did not exceed the aggregate current value of the assets of such Plan allocable to such benefit liabilities. The term "benefit liabilities" has the meaning specified in section 4001 of ERISA and the terms "current value" and "present value" have the meaning specified in section 3 of ERISA.

(c) The Company and its ERISA Affiliates have not incurred withdrawal liabilities (and are not subject to contingent withdrawal liabilities) under section 4201 or 4204 of ERISA in respect of Multiemployer Plans that individually or in the aggregate are Material.

(d) The expected postretirement benefit obligation (determined as of the last day of the Company's most recently ended fiscal year in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 715-60, without regard to liabilities attributable to continuation coverage mandated by section 4980B of the Code) of the Company and its Subsidiaries is not Material.

(e) The execution and delivery of this Agreement and the issuance and sale of the Notes hereunder will not involve any transaction that is subject to the prohibitions of section 406 of ERISA or in connection with which a tax could be imposed pursuant to section 4975(c)(1)(A)(D) of the Code. The representation by the Company in the first sentence of this Section 5.12(e) is made in reliance upon and subject to the accuracy of your representation in Section 6.2 as to the sources of the funds used to pay the purchase price of the Notes to be purchased by you.

5.13. Private Offering by the Company.

Neither any Obligor nor anyone acting on its behalf has offered the Notes or any similar securities for sale to, or solicited any offer to buy any of the same from, or otherwise approached or negotiated in respect thereof with, any person other than you and the Other Purchasers and not more than 15 other Institutional Investors, each of which has been offered the Notes at a private sale for investment. Neither any Obligor nor anyone acting on its behalf has taken, or will take, any action that would subject the issuance or sale of the Notes to the registration requirements of Section 5 of the Securities Act.

5.14. Use of Proceeds; Margin Regulations.

The Obligors will apply the proceeds of the sale of the Notes to refinance Debt of the Company as set forth in Schedule 5.14 and for general corporate purposes, including repurchases of the Company's Capital Stock and business or asset acquisitions. No part of the proceeds from the sale of the Notes will be used, directly or indirectly, for the purpose of buying or carrying any margin stock within the meaning of Regulation U of the Board of Governors of the Federal Reserve System (12 CFR 221) so as to involve any Obligor or any holder of Notes in a violation of such Regulation (or so as to require any holder of Notes to make any filing under such Regulation), or for the purpose of buying or carrying or trading in any securities under such circumstances as to involve any Obligor in a violation of Regulation X of said Board (12 CFR 224) or to involve any broker or dealer in a violation of Regulation T of said Board (12 CFR 220). Margin stock does not constitute more than 10% of the value of the consolidated assets of the Company and its Subsidiaries and the Obligors do not have any present intention that margin stock will constitute more than 10% of the value of such assets. As used in this Section, the terms "margin stock" and "purpose of buying or carrying" shall have the meanings assigned to them in said Regulation U.

5.15. Existing Debt; Future Liens.

(a) Except as described therein, Schedule 5.15 sets forth a complete and correct list of all outstanding Debt of the Company and its Subsidiaries as of February 1, 2015 since which date there has been no Material change in the amounts, interest rates, sinking funds, installment payments or maturities of the Debt of the Company or its Subsidiaries. Neither any Obligor nor any other Subsidiary is in default and no waiver of default is currently in effect, in the payment of any principal or interest on any Debt of any Obligor or any other Subsidiary and no event or condition exists with respect to any Debt of any Obligor or any other Subsidiary that would permit (or that with notice or the lapse of time, or both, would permit) one or more Persons to cause such Debt to become due and payable before its stated maturity or before its regularly scheduled dates of payment.

(b) Except as disclosed in Schedule 5.15, neither any Obligor nor any other Subsidiary has agreed or consented to cause or permit in the future (upon the happening of a contingency or otherwise) any of its property, whether now owned or hereafter acquired, to be subject to a Lien not permitted by Section 10.4.

5.16. Foreign Assets Control Regulations, etc.

(a) Neither any Obligor nor any Controlled Entity is (i) a Person whose name appears on the list of Specially Designated Nationals and Blocked Persons published by the Office of Foreign Assets Control, United States Department of the Treasury (“OFAC”) (an “OFAC Listed Person”) (ii) an agent, department, or instrumentality of, or is otherwise beneficially owned by, controlled by or acting on behalf of, directly or indirectly, (x) any OFAC Listed Person or (y) any Person, entity, organization, foreign country or regime that is subject to any OFAC Sanctions Program, or (iii) otherwise blocked, subject to sanctions under or engaged in any activity in violation of other United States economic sanctions, including but not limited to, the Trading with the Enemy Act, the International Emergency Economic Powers Act, the Comprehensive Iran Sanctions, Accountability and Divestment Act (“CISADA”) or any similar law or regulation with respect to Iran or any other country, the Sudan Accountability and Divestment Act, any OFAC Sanctions Program, or any economic sanctions regulations administered and enforced by the United States or any enabling legislation or executive order relating to any of the foregoing (collectively, “U.S. Economic Sanctions”) (each OFAC Listed Person and each other Person, entity, organization and government of a country described in clause (i), clause (ii), or clause (iii), a “Blocked Person”). No Obligor nor any Controlled Entity has been notified that its name appears or may in the future appear on a state list of Persons that engage in investment or other commercial activities in Iran or any other country that is subject to U.S. Economic Sanctions.

(b) No part of the proceeds from the sale of the Notes hereunder constitutes or will constitute funds obtained on behalf of any Blocked Person or will otherwise be used by any Obligor or any Controlled Entity, directly or, to the knowledge of any Responsible Officer, indirectly, (i) in connection with any investment in, or any transactions or dealings with, any Blocked Person, or (ii) otherwise in violation of U.S. Economic Sanctions.

(c) Neither any Obligor nor any Controlled Entity (i) has been found in violation of, charged with, or convicted of, money laundering, drug trafficking, terrorist-related activities or other money laundering predicate crimes under the Currency and Foreign Transactions Reporting Act of 1970 (otherwise known as the Bank Secrecy Act), the USA PATRIOT Act or any other United States law or regulation governing such activities (collectively, “Anti-Money Laundering Laws”) or any U.S. Economic Sanctions violations, (ii) to each Obligor’s actual knowledge after making due inquiry, is under investigation by any Governmental Authority for possible violation of Anti-Money Laundering Laws or any U.S. Economic Sanctions violations, (iii) has been assessed civil penalties under any Anti-Money Laundering Laws or any U.S. Economic Sanctions, or (iv) has had any of its funds seized or forfeited in an action under any Anti-Money Laundering Laws.

(d) (1) Neither any Obligor nor any Controlled Entity (i) has been charged with, or convicted of bribery or any other anti-corruption related activity under any applicable law or regulation in a U.S. or any non-U.S. country or jurisdiction, including but not limited to, the U.S. Foreign Corrupt Practices Act and the U.K. Bribery Act 2010

(collectively, “Anti-Corruption Laws”), (ii) to each Obligor’s actual knowledge after making due inquiry, is under investigation by any U.S. or non-U.S. Governmental Authority for possible violation of Anti-Corruption Laws, (iii) has been assessed civil or criminal penalties under any Anti-Corruption Laws or (iv) has been or is the target of sanctions imposed by the United Nations or the European Union;

(2) To each Obligor’s actual knowledge after making due inquiry, neither any Obligor nor any Controlled Entity has, within the last five years, directly or indirectly offered, promised, given, paid or authorized the offer, promise, giving or payment of anything of value to a Governmental Official or a commercial counterparty for the purposes of: (i) influencing any act, decision or failure to act by such Government Official in his or her official capacity or such commercial counterparty, (ii) inducing a Governmental Official to do or omit to do any act in violation of the Governmental Official’s lawful duty, or (iii) inducing a Governmental Official or a commercial counterparty to use his or her influence with a government or instrumentality to affect any act or decision of such government or entity; in each case in order to obtain, retain or direct business or to otherwise secure an improper advantage in violation of any applicable law or regulation or which would cause any holder to be in violation of any law or regulation applicable to such holder; and

(3) No part of the proceeds from the sale of the Notes hereunder will be used, directly or indirectly, for any improper payments, including bribes, to any Governmental Official or commercial counterparty in order to obtain, retain or direct business or obtain any improper advantage.

5.17. Status under Certain Statutes.

Neither any Obligor nor any other Subsidiary is subject to regulation under the Investment Company Act of 1940, as amended, the ICC Termination Act, as amended, or the Federal Power Act, as amended.

5.18. Environmental Matters.

Neither any Obligor nor any other Subsidiary has knowledge of any claim or has received any notice of any claim, and no proceeding has been instituted raising any claim against any Obligor or any other Subsidiary or any of their respective real properties now or formerly owned, leased or operated by any of them or other assets, alleging any damage to the environment or violation of any Environmental Laws, except, in each case, such as could not reasonably be expected to result in a Material Adverse Effect. Except as otherwise disclosed to you in writing,

(a) neither any Obligor nor any other Subsidiary has knowledge of any facts which would give rise to any claim, public or private, of violation of Environmental Laws or damage to the environment emanating from, occurring on or in any way related to real properties now or formerly owned, leased or operated by any of them or to other assets or

their use, except, in each case, such as could not reasonably be expected to result in a Material Adverse Effect;

(b) neither any Obligor nor any other Subsidiary has stored any Hazardous Materials on real properties now or formerly owned, leased or operated by any of them and has not disposed of any Hazardous Materials in a manner contrary to any Environmental Laws in each case in any manner that could reasonably be expected to result in a Material Adverse Effect; and

(c) all buildings on all real properties now owned, leased or operated by any Obligor or any other Subsidiary are in compliance with applicable Environmental Laws, except where failure to comply could not reasonably be expected to result in a Material Adverse Effect.

5.19. Solvency of Obligors.

After giving effect to the transactions contemplated herein, (i) the present value of the assets of each Obligor, at a fair valuation, is in excess of the amount that will be required to pay its probable liability on its existing debts as said debts become absolute and matured, (ii) each Obligor has received reasonably equivalent value for issuing and selling the Notes, (iii) the property remaining in the hands of each Obligor is not an unreasonably small capital, and (iv) each Obligor is able to pay its debts as they mature.

6. REPRESENTATIONS OF THE PURCHASERS.

6.1. Purchase for Investment.

You represent that you are purchasing the Notes for your own account or for one or more separate accounts maintained by you or for the account of one or more pension or trust funds and not with a view to the distribution thereof, provided that the disposition of your or their property shall at all times be within your or their control. You understand that the Notes have not been registered under the Securities Act and may be resold only if registered pursuant to the provisions of the Securities Act or if an exemption from registration is available, except under circumstances where neither such registration nor such an exemption is required by law, and that the Obligors are not required to register the Notes. You represent that you are an “accredited investor” within the meaning of subparagraph (a)(1), (2), (3) or (7) of Rule 501 of Regulation D under the Securities Act.

6.2. Source of Funds.

You represent that at least one of the following statements is an accurate representation as to each source of funds (a “Source”) to be used by you to pay the purchase price of the Notes to be purchased by you hereunder:

(a) the Source is an “insurance company general account” (as the term is defined in the United States Department of Labor’s Prohibited Transaction Exemption

("PTE") 95-60) in respect of which the reserves and liabilities (as defined by the annual statement for life insurance companies approved by the National Association of Insurance Commissioners (the "NAIC Annual Statement") for the general account contract(s) held by or on behalf of any employee benefit plan together with the amount of the reserves and liabilities for the general account contract(s) held by or on behalf of any other employee benefit plans maintained by the same employer (or affiliate thereof as defined in PTE 95-60) or by the same employee organization in the general account do not exceed 10% of the total reserves and liabilities of the general account (exclusive of separate account liabilities) plus surplus as set forth in the NAIC Annual Statement filed with such Purchaser's state of domicile; or

(b) the Source is a separate account that is maintained solely in connection with such Purchaser's fixed contractual obligations under which the amounts payable, or credited, to any employee benefit plan (or its related trust) that has any interest in such separate account (or to any participant or beneficiary of such plan (including any annuitant)) are not affected in any manner by the investment performance of the separate account; or

(c) the Source is either (i) an insurance company pooled separate account, within the meaning of PTE 90-1, or (ii) a bank collective investment fund, within the meaning of PTE 91-38 and, except as you have disclosed to the Company in writing pursuant to this paragraph (c), no employee benefit plan or group of plans maintained by the same employer or employee organization beneficially owns more than 10% of all assets allocated to such pooled separate account or collective investment fund; or

(d) the Source constitutes assets of an "investment fund" (within the meaning of Part VI of PTE 84-14 (the "QPAM Exemption")) managed by a "qualified professional asset manager" or "QPAM" (within the meaning of Part VI of the QPAM Exemption), no employee benefit plan's assets that are managed by the QPAM in such investment fund, when combined with the assets of all other employee benefit plans established or maintained by the same employer or by an affiliate (within the meaning of Part VI(c)(1) of the QPAM Exemption) of such employer or by the same employee organization and managed by such QPAM, represent more than 20% of the total client assets managed by such QPAM, the conditions of Part I(c) and (g) of the QPAM Exemption are satisfied, neither the QPAM nor a person controlling or controlled by the QPAM maintains an ownership interest in the Company that would cause the QPAM and the Company to be "related" within the meaning of Part VI(h) of the QPAM Exemption and (i) the identity of such QPAM and (ii) the names of any employee benefit plans whose assets in the investment fund, when combined with the assets of all other employee benefit plans established or maintained by the same employer or by an affiliate (within the meaning of Part VI(c)(1) of the QPAM Exemption) of such employer or by the same employee organization, represent 10% or more of the assets of such investment fund, have been disclosed to the Company in writing pursuant to this clause (d); or

(e) the Source constitutes assets of a “plan(s)” (within the meaning of Part IV(h) of PTE 96-23 (the “INHAM Exemption”) managed by an “in-house asset manager” or “INHAM” (within the meaning of Part IV of the INHAM exemption), the conditions of Part I(a), (g) and (h) of the INHAM Exemption are satisfied, neither the INHAM nor a person controlling or controlled by the INHAM (applying the definition of “control” in Part IV(d)(3) of the INHAM Exemption) owns a 5% or more interest in the Company and (i) the identity of such INHAM and (ii) the name(s) of the employee benefit plan(s) whose assets constitute the Source have been disclosed to the Company in writing pursuant to this clause (e); or

(f) the Source is a governmental plan; or

(g) the Source is one or more employee benefit plans, or a separate account or trust fund comprised of one or more employee benefit plans, each of which has been identified to the Company in writing pursuant to this paragraph (g); or

(h) the Source does not include assets of any employee benefit plan, other than a plan exempt from the coverage of ERISA.

As used in this Section 6.2, the terms “employee benefit plan”, “governmental plan” and “separate account” shall have the respective meanings assigned to such terms in section 3 of ERISA.

7. INFORMATION AS TO COMPANY.

7.1. Financial and Business Information

The Company will deliver to each holder of Notes that is an Institutional Investor:

(a) Quarterly Statements -- within 60 days after the end of each quarterly fiscal period in each fiscal year of the Company (other than the last quarterly fiscal period of each such fiscal year), duplicate copies of,

(i) a consolidated balance sheet of the Company and its Subsidiaries as at the end of such quarter,

(ii) consolidated statements of income of the Company and its Subsidiaries for such quarter and (in the case of the second and third quarters) for the portion of the fiscal year ending with such quarter, and

(iii) consolidated statements of cash flows of the Company and its Subsidiaries for such quarter or (in the case of the second and third quarters) for the portion of the fiscal year ending with such quarter,

setting forth in each case in comparative form the figures for the corresponding periods in the previous fiscal year, all in reasonable detail, prepared in accordance with GAAP applicable to quarterly financial statements generally, and certified by a Senior Financial Officer as fairly

presenting, in all material respects, the financial position of the companies being reported on and their results of operations and cash flows, subject to changes resulting from year-end adjustments, provided that delivery within the time period specified above of copies of the Company's Quarterly Report on Form 10-Q prepared in compliance with the requirements therefor and filed with the Securities and Exchange Commission shall be deemed to satisfy the requirements of this Section 7.1(a);

(b) Annual Statements -- within 120 days after the end of each fiscal year of the Company, duplicate copies of,

(i) a consolidated balance sheet of the Company and its Subsidiaries, as at the end of such year, and

(ii) consolidated statements of income, changes in shareholders' equity and cash flows of the Company and its Subsidiaries, for such year,

setting forth in each case in comparative form the figures for the previous fiscal year, all in reasonable detail, prepared in accordance with GAAP, and reported on by an opinion of independent certified public accountants of recognized national standing, which opinion shall state that such financial statements present fairly, in all material respects, the financial position of the Company and its consolidated Subsidiaries being reported upon and their results of operations and cash flows and have been prepared in conformity with GAAP, and that the examination of such accountants in connection with such financial statements has been made in accordance with generally accepted auditing standards, and that such audit provides a reasonable basis for such opinion in the circumstances, provided that the delivery within the time period specified above of the Company's Annual Report on Form 10-K for such fiscal year (together with the Company's annual report to shareholders, if any, prepared pursuant to Rule 14a-3 under the Exchange Act) prepared in accordance with the requirements therefor and filed with the Securities and Exchange Commission shall be deemed to satisfy the requirements of this Section 7.1(b);

(c) SEC and Other Reports -- promptly upon their becoming available, one copy of (i) each financial statement, report, notice or proxy statement sent by any Obligor or any other Subsidiary to public securities holders generally, and (ii) each regular or periodic report, registration statement other than registration statements on Form S-8 (without exhibits except as expressly requested by such holder), or other material filed by any Obligor or any other Subsidiary with the Securities and Exchange Commission;

(d) Notice of Default or Event of Default -- promptly, and in any event within five Business Days after a Responsible Officer becoming aware of the existence of any Default or Event of Default, a written notice specifying the nature and period of existence thereof and what action the Obligors are taking or propose to take with respect thereto;

(e) ERISA Matters -- promptly, and in any event within five Business Days after a Responsible Officer becoming aware of any of the following, a written notice

setting forth the nature thereof and the action, if any, that the Company or an ERISA Affiliate proposes to take with respect thereto:

(i) with respect to any Plan, any reportable event, as defined in section 4043(b) of ERISA and the regulations thereunder, for which notice thereof has not been waived pursuant to such regulations as in effect on the date hereof; or

(ii) the taking by the PBGC of steps to institute, or the threatening by the PBGC of the institution of, proceedings under section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Plan, or the receipt by the Company or any ERISA Affiliate of a notice from a Multiemployer Plan that such action has been taken by the PBGC with respect to such Multiemployer Plan; or

(iii) any event, transaction or condition that could result in the incurrence of any liability by the Company or any ERISA Affiliate pursuant to Title I or IV of ERISA or the penalty or excise tax provisions of the Code relating to employee benefit plans, or in the imposition of any Lien on any of the rights, properties or assets of the Company or any ERISA Affiliate pursuant to Title I or IV of ERISA or such penalty or excise tax provisions, if such liability or Lien, taken together with any other such liabilities or Liens then existing, could reasonably be expected to have a Material Adverse Effect;

(f) Notices from Governmental Authority -- promptly, and in any event within 30 days of receipt thereof, copies of any notice to any Obligor or any other Domestic Subsidiary from any Federal or state Governmental Authority relating to any order, ruling, statute or other law or regulation that could reasonably be expected to have a Material Adverse Effect; and

(g) Requested Information -- with reasonable promptness, such other data and information relating to the business, operations, affairs, financial condition, assets or properties of any Obligor or any other Subsidiary (including actual copies of the Company's Forms 10-Q and Forms 10-K) or relating to the ability of any Obligor to perform its obligations hereunder and under the Notes as from time to time may be reasonably requested by any such holder of Notes.

7.2. Officer's Certificate.

Each set of financial statements delivered to a holder of Notes pursuant to Section 7.1(a) or (b) shall be accompanied by a certificate of a Senior Financial Officer setting forth:

(a) Covenant Compliance -- the information (including detailed calculations and a reconciliation to the financial statements from which derived if the accounting methods applicable to such financial statements differ from the methods of determining

compliance with Section 10.1 through Section 10.5 and Section 10.7) required in order to establish whether the Company was in compliance with the requirements of Section 10.1 through Section 10.9, inclusive, during the quarterly or annual period covered by the statements then being furnished (including with respect to each such Section, where applicable, the calculations of the maximum or minimum amount, ratio or percentage, as the case may be, permissible under the terms of such Sections, and the calculation of the amount, ratio or percentage then in existence); and

(b) Event of Default -- a statement that such officer has reviewed the relevant terms hereof and has made, or caused to be made, under his or her supervision, a review of the transactions and conditions of the Company and its Subsidiaries from the beginning of the quarterly or annual period covered by the statements then being furnished to the date of the certificate and that such review shall not have disclosed the existence during such period of any condition or event that constitutes a Default or an Event of Default or, if any such condition or event existed or exists (including any such event or condition resulting from the failure of any Obligor or any other Subsidiary to comply with any Environmental Law), specifying the nature and period of existence thereof and what action the Company shall have taken or proposes to take with respect thereto.

7.3. Electronic Delivery.

Financial statements and officers' certificates required to be delivered by the Company pursuant to Sections 7.1(a), (b) or (c) and Section 7.2 shall be deemed to have been delivered if (i) delivered by e-mail, or (ii) the Company shall have timely filed such Form 10-Q or Form 10-K, satisfying the requirements of Section 7.1(a) or (b) as the case may be, with the SEC on "EDGAR" and shall have made such Form and the related certificate satisfying the requirements of Section 7.2 available on its home page on the worldwide web (at the date of this Agreement located at <http://www.pattersoncompanies.com>), or (iii) such financial statements satisfying the requirements of Section 7.1(a) or (b) and related certificate satisfying the requirements of Section 7.2 are timely posted by or on behalf of the Company on IntraLinks or on any other similar website to which each holder of Notes has free access, or (iv) the Company shall have filed any of the items referred to in Section 7.1 with the SEC on "EDGAR" and shall have made the related certificate required by Section 7.2 available on its home page on the worldwide web or posted by or on behalf of the Company on IntraLinks or on any other similar website to which each holder of Notes has free access; provided however, that in the case of any of clause (i), (ii), (iii) or (iv) the Company shall concurrently with such filing or posting give notice to each holder of Notes of such posting or filing and provided further, that upon request of any holder, the Company will thereafter deliver written copies of such forms, financial statements and certificates to such holder.

7.4. Inspection.

The Company will permit the representatives of each holder of Notes that is an Institutional Investor:

(a) No Default -- if no Default or Event of Default then exists, at the expense of such holder and upon reasonable prior notice to the Company, to visit the principal executive office of the Company, to discuss the affairs, finances and accounts of the Company and its Subsidiaries with the Company's officers, and (with the consent of the Company, which consent will not be unreasonably withheld) to visit the other offices and properties of the Company and each Subsidiary, all at reasonable times as reasonably requested in writing; and

(b) Default -- if a Default or Event of Default then exists, at the expense of the Company, to visit and inspect any of the offices or properties of the Company or any Subsidiary, to examine all their respective books of account, records, reports and other papers, to make copies and extracts therefrom, and to discuss their respective affairs, finances, and accounts with their respective officers and independent public accountants (and by this provision the Company authorizes said accountants to discuss the affairs, finances and accounts of the Company and its Subsidiaries), all at such times and as often as may be reasonably requested.

8. PREPAYMENT OF THE NOTES.

8.1. No Scheduled Prepayments.

No regularly scheduled prepayments are due on the Notes prior to their stated maturity.

8.2. Optional Prepayments.

(a) The Notes. The Obligors may, by giving written notice not less than 30 days and not more than 60 days before the prepayment date designated in such notice (the "Optional Prepayment Notice") to each holder of the Notes, prepay at any time all, or from time to time any part of, the Notes, in an amount not less than \$1,000,000 in the aggregate in the case of a partial prepayment, at 100% of the principal amount so prepaid, plus the Make-Whole Amount determined for the prepayment date with respect to such principal amount. In addition to specifying the prepayment date, the Optional Prepayment Notice shall specify the aggregate principal amount of each of the Notes to be prepaid on such date, the principal amount of each Note held by such holder to be prepaid (determined in accordance with Section 8.4), and the interest to be paid on the prepayment date with respect to such principal amount being prepaid. Along with the Optional Prepayment Notice, the Obligors shall deliver a certificate of a Senior Financial Officer as to the estimated MakeWhole Amount due in connection with such prepayment (calculated as if the date of such notice were the date of the prepayment), setting forth the details of such computation. Two Business Days prior to such prepayment, the Company shall deliver to each holder of Notes a certificate of a Senior Financial Officer specifying the calculation of such Make-Whole Amount as of the specified prepayment date.

(b) Offer to Prepay at Par Upon Certain Sales of Assets.

(i) Notice and Offer. In the event of any Debt Prepayment Application under Section 10.7 of this Agreement, the Obligors will, within 10 days of the occurrence of the Transfer (a “Debt Prepayment Transfer”) in respect of which an offer to prepay the Notes (the “Prepayment Offer”) is being made to comply with the requirements for a Debt Prepayment Application (as set forth in the definition thereof), give notice of such Debt Prepayment Transfer to each holder of Notes (a “Debt Prepayment Notice”). A Debt Prepayment Notice shall contain, and shall constitute, an irrevocable offer to prepay, at the election of each holder, a portion of the Notes held by such holder equal to such holder’s Ratable Portion of the Net Proceeds Amount in respect of such Debt Prepayment Transfer on a date specified in such notice (the “Transfer Prepayment Date”) that is not less than 30 days and not more than 60 days after the date of such notice.

(ii) Acceptance and Payment. To accept such Prepayment Offer, a holder of Notes shall cause a notice of such acceptance to be delivered to the Company not later than 10 days prior to the Transfer Prepayment Date. Failure to accept such offer in writing not later than 10 days prior to the Transfer Prepayment Date shall be deemed to be rejection of the Prepayment Offer. If so accepted by any holder of a Note, such Prepayment Offer equal to not less than such holder’s Ratable Portion of the Net Proceeds Amount in respect of such Debt Prepayment Transfer, together with any additional amount offered to and accepted by such holder pursuant to the following sentence shall be due and payable on the Transfer Prepayment Date. If any holder of Notes fails to accept such Prepayment Offer, such holder’s Ratable Portion of the Net Proceeds Amount shall be offered pro rata to each holder of Notes that has accepted such Prepayment Offer. A Prepayment Offer pursuant to this Section 8.2(b) shall be made at 100% of the principal amount of such Notes being so prepaid, together with interest on such principal amount then being prepaid accrued to the Transfer Prepayment Date.

(iii) Officer’s Certificate. Each offer to prepay the Notes pursuant to this Section 8.2(b) shall be accompanied by a certificate, executed by a Senior Financial Officer and dated the date of such offer, specifying:

(A) the Transfer Prepayment Date and the Net Proceeds Amount in respect of the applicable Debt Prepayment Transfer;

(B) that such offer is being made pursuant to Section 8.2(b) and Section 10.7 of this Agreement;

(C) the principal amount of each Note offered to be prepaid;

(D) the interest that would be due on each such Note offered to be prepaid, accrued to the date fixed for payment; and

(E) in reasonable detail, the nature of the Transfer giving rise to such Debt Prepayment Transfer.

(c) Notice Concerning Status of Holders of Notes. Within 30 days after each prepayment date under Section 8.2(a) or Transfer Prepayment Date under Section 8.2(b) and the making of all prepayments contemplated thereunder, the Company will deliver to each holder of Notes a certificate signed by a Senior Financial Officer containing a list of the then-current holders of Notes and their addresses and the outstanding principal amount of Notes held by each holder at such time.

8.3. Mandatory Offer to Prepay Upon Change of Control.

(a) Notice of Change of Control or Control Event -- The Company will, within five Business Days after any Responsible Officer has knowledge of the occurrence of any Change of Control or Control Event, give notice of such Change of Control or Control Event to each holder of Notes unless notice in respect of such Change of Control (or the Change of Control contemplated by such Control Event) shall have been given pursuant to paragraph (b) of this Section 8.3. If a Change of Control has occurred, such notice shall contain and constitute an offer to prepay Notes as described in paragraph (c) of this Section 8.3 and shall be accompanied by the certificate described in paragraph (g) of this Section 8.3 (a “Change of Control Prepayment Certificate”).

(b) Condition to Company Action -- The Company will not take any action that consummates or finalizes a Change of Control unless (i) at least 15 Business Days prior to such action it shall have given to each holder of Notes written notice containing and constituting an offer to prepay Notes accompanied by a Change of Control Prepayment Certificate, and (ii) subject to the provisions of paragraphs (d) and (f) below, contemporaneously with such action, it prepays all Notes required to be prepaid in accordance with this Section 8.3.

(c) Offer to Prepay Notes -- The offer to prepay Notes contemplated by paragraphs (a) and (b) of this Section 8.3 shall be an offer to prepay, in accordance with and subject to this Section 8.3, all, but not less than all, of the Notes held by each holder (in this case only, “holder” in respect of any Note registered in the name of a nominee for a disclosed beneficial owner shall mean such beneficial owner) on a date specified in such offer (the “Proposed Prepayment Date”), which shall be not less than 30 days and not more than 60 days after the date of such offer.

(d) Acceptance; Rejection -- A holder of Notes may accept the offer to prepay made pursuant to this Section 8.3 by causing a notice of such acceptance to be delivered to the Company on or before the date specified in the Change of Control Prepayment Certificate. A failure by a holder of Notes to respond to an offer to prepay made pursuant to this Section 8.3, or to accept an offer as to all of the Notes held by the holder, within such time period shall be deemed to constitute rejection of such offer by such holder.

(e) Prepayment -- Prepayment of the Notes to be prepaid pursuant to this Section 8.3 shall be at 100% of the outstanding principal amount of such Notes, together with interest on such Notes accrued to the date of prepayment and shall not require the payment of any Make-Whole Amount or prepayment premium. The prepayment shall be

made on the Proposed Prepayment Date except as provided in paragraph (f) of this Section 8.3.

(f) Deferral Pending Change of Control -- The obligation of the Company to prepay Notes pursuant to the offers required by paragraphs (a) and (b) and accepted in accordance with paragraph (d) of this Section 8.3 is subject to the occurrence of the Change of Control in respect of which such offers and acceptances shall have been made. If such Change of Control does not occur on or prior to the Proposed Prepayment Date in respect thereof, the prepayment shall be deferred if and until the date on which such Change of Control occurs. The Company shall keep each holder of Notes reasonably and timely informed of (i) any such deferral of the date of prepayment, (ii) the date on which such Change of Control and the prepayment are expected to occur, and (iii) any determination by the Company that efforts to effect such Change of Control have ceased or been abandoned (in which case the offers and acceptances made pursuant to this Section 8.3 in respect of such Change of Control shall be deemed rescinded). Notwithstanding the foregoing, in the event that the prepayment has not been made within 90 days after such Proposed Prepayment Date by virtue of the deferral provided for in this Section 8.3(f), the Company shall make a new offer to prepay in accordance with paragraph (c) of this Section 8.3.

(g) Officer's Certificate -- Each offer to prepay the Notes pursuant to this Section 8.3 shall be accompanied by a Change of Control Prepayment Certificate, executed by a Senior Financial Officer of the Company and dated the date of such offer, specifying: (i) the Proposed Prepayment Date, (ii) that such offer is made pursuant to this Section 8.3, (iii) the principal amount of each Note offered to be prepaid, (iv) the interest that would be due on each Note offered to be prepaid, accrued to the Proposed Prepayment Date, (v) that the conditions of this Section 8.3 have been fulfilled, (vi) in reasonable detail, the nature and date or proposed date of the Change of Control and (vii) the date by which any holder of a Note that wishes to accept such offer must deliver notice thereof to the Company, which date shall not be earlier than three Business Days prior to the Proposed Prepayment Date or, in the case of a prepayment pursuant to Section 8.3(b), the date of the action referred to in Section 8.3(b)(i).

8.4. Allocation of Partial Prepayments.

In the case of each partial prepayment of Notes pursuant to Section 8.2(a), the principal amount of the Notes to be prepaid shall be allocated among all of the Notes at the time outstanding in proportion, as nearly as practicable, to the respective unpaid principal amounts thereof not theretofore called for prepayment.

8.5. Maturity; Surrender, etc.

In the case of each prepayment of Notes pursuant to this Section 8, the principal amount of each Note to be prepaid shall mature and become due and payable on the date fixed for such prepayment, together with interest on such principal amount accrued to such date and the applicable Make-Whole Amount, if any. From and after such date, unless the Obligors shall

fail to pay such principal amount when so due and payable, together with the interest and MakeWhole Amount, if any, as aforesaid, interest on such principal amount shall cease to accrue. Any Note paid or prepaid in full shall be surrendered to the Company and canceled and shall not be reissued, and no Note shall be issued in lieu of any prepaid principal amount of any Note.

8.6. Purchase of Notes.

The Obligors will not and will not permit any Controlled Entity to purchase, redeem, prepay or otherwise acquire, directly or indirectly, any of the outstanding Notes except (a) upon the payment or prepayment of the Notes in accordance with the terms of this Agreement and the Notes or (b) pursuant to an offer to purchase made by the Obligors or a Controlled Entity pro rata to the holders of any Notes at the time outstanding upon the same terms and conditions. Any such offer shall provide each holder with sufficient information reasonably determined by the Obligors to enable it to make an informed decision with respect to such offer, and shall remain open for at least 10 Business Days. If the holders of more than 25% of the principal amount of the then outstanding Notes accept such offer, the Company shall promptly notify the remaining holders of such fact and the expiration date for the acceptance by holders of such Notes of such offer shall be extended by the number of days necessary to give each such remaining holder at least 10 Business Days from its receipt of such notice to accept such offer. The Company will promptly cancel all Notes acquired by any Obligor or any Controlled Entity pursuant to any payment, prepayment or purchase of Notes pursuant to any provision of this Agreement and no Notes may be issued in substitution or exchange for any such Notes.

8.7. Make-Whole Amount.

The term “**Make-Whole Amount**” means, with respect to any Note, an amount equal to the excess, if any, of the Discounted Value of the Remaining Scheduled Payments with respect to the Called Principal of such Note over the amount of such Called Principal, provided that the Make-Whole Amount may in no event be less than zero. For the purposes of determining the Make-Whole Amount, the following terms have the following meanings:

“**Called Principal**” means, with respect to any Note, the principal of such Note that is to be prepaid pursuant to Section 8.2(a) or has become or is declared to be immediately due and payable pursuant to Section 12.1, as the context requires.

“**Discounted Value**” means, with respect to the Called Principal of any Note, the amount obtained by discounting all Remaining Scheduled Payments with respect to such Called Principal from their respective scheduled due dates to the Settlement Date with respect to such Called Principal, in accordance with accepted financial practice and at a discount factor (applied on the same periodic basis as that on which interest on the Notes is payable) equal to the Reinvestment Yield with respect to such Called Principal.

“**Reinvestment Yield**” means, with respect to the Called Principal of any Note, 0.50% over the yield to maturity implied by the yield(s) reported as of 10:00 a.m. (New York City time) on the second Business Day preceding the Settlement Date with respect

to such Called Principal, on the display designated as “Page PX1” (or such other display as may replace Page PX1) on Bloomberg Financial Markets for the most recently issued actively traded on-the-run U.S. Treasury securities (“Reported”) having a maturity equal to the Remaining Average Life of such Called Principal as of such Settlement Date. If there are no such U.S. Treasury securities Reported having a maturity equal to such Remaining Average Life, then such implied yield to maturity will be determined by (a) converting U.S. Treasury bill quotations to bond equivalent yields in accordance with accepted financial practice and (b) interpolating linearly between the yields Reported for the applicable most recently issued actively traded on-the-run U.S. Treasury securities with the maturities (1) closest to and greater than such Remaining Average Life and (2) closest to and less than such Remaining Average Life. The Reinvestment Yield shall be rounded to the number of decimal places as appears in the interest rate of the applicable Note.

If such yields are not Reported or the yields Reported as of such time are not ascertainable (including by way of interpolation), then “Reinvestment Yield” means, with respect to the Called Principal of any Note, 0.50% over the yield to maturity implied by the U.S. Treasury constant maturity yields reported, for the latest day for which such yields have been so reported as of the second Business Day preceding the Settlement Date with respect to such Called Principal, in Federal Reserve Statistical Release H.15 (or any comparable successor publication) for the U.S. Treasury constant maturity having a term equal to the Remaining Average Life of such Called Principal as of such Settlement Date. If there is no such U.S. Treasury constant maturity having a term equal to such Remaining Average Life, such implied yield to maturity will be determined by interpolating linearly between (1) the U.S. Treasury constant maturity so reported with the term closest to and greater than such Remaining Average Life and (2) the U.S. Treasury constant maturity so reported with the term closest to and less than such Remaining Average Life. The Reinvestment Yield shall be rounded to the number of decimal places as appears in the interest rate of the applicable Note.

“**Remaining Average Life**” means, with respect to any Called Principal, the number of years obtained by dividing (i) such Called Principal into (ii) the sum of the products obtained by multiplying (a) the principal component of each Remaining Scheduled Payment with respect to such Called Principal by (b) the number of years, computed on the basis of a 360-day year composed of twelve 30-day months, that will elapse between the Settlement Date with respect to such Called Principal and the scheduled due date of such Remaining Scheduled Payment.

“**Remaining Scheduled Payments**” means, with respect to the Called Principal of any Note, all payments of such Called Principal and interest thereon that would be due after the Settlement Date with respect to such Called Principal if no payment of such Called Principal were made prior to its scheduled due date, provided that if such Settlement Date is not a date on which interest payments are due to be made under the terms of the Notes, then the amount of the next succeeding scheduled interest payment

will be reduced by the amount of interest accrued to such Settlement Date and required to be paid on such Settlement Date pursuant to Section 8.2(a) or 12.1.

“**Settlement Date**” means, with respect to the Called Principal of any Note, the date on which such Called Principal is to be prepaid pursuant to Section 8.2(a) or has become or is declared to be immediately due and payable pursuant to Section 12.1, as the context requires.

9. AFFIRMATIVE COVENANTS.

The Obligors, jointly and severally, covenant that so long as any of the Notes are outstanding:

9.1. Compliance with Law.

The Obligors will, and will cause each other Subsidiary to, comply with all laws, ordinances or governmental rules or regulations to which each of them is subject, including, without limitation, Environmental Laws, the USA PATRIOT Act and the other laws and regulations that are referred to in Section 5.16, and will obtain and maintain in effect all licenses, certificates, permits, franchises and other governmental authorizations necessary to the ownership of their respective properties or to the conduct of their respective businesses, in each case to the extent necessary to ensure that non-compliance with such laws, ordinances or governmental rules or regulations or failures to obtain or maintain in effect such licenses, certificates, permits, franchises and other governmental authorizations could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

9.2. Insurance.

The Obligors will, and will cause each other Subsidiary to, maintain, with financially sound and reputable insurers, insurance with respect to their respective properties and businesses against such casualties and contingencies, of such types, on such terms and in such amounts (including deductibles, co-insurance and self-insurance, if adequate reserves are maintained with respect thereto) as is customary in the case of entities of established reputations engaged in the same or a similar business and similarly situated.

9.3. Maintenance of Properties.

The Obligors will, and will cause each other Subsidiary to, maintain and keep, or cause to be maintained and kept, their respective properties in good repair, working order and condition (other than ordinary wear and tear), so that the business carried on in connection therewith may be properly conducted at all times, provided that this Section shall not prevent any Obligor or any other Subsidiary from discontinuing the operation and the maintenance of any of its properties if such discontinuance is desirable in the conduct of its business and the Company has concluded that such discontinuance could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

9.4. Payment of Taxes and Claims.

The Obligor will, and will cause each other Subsidiary to, file all income tax or similar tax returns required to be filed in any jurisdiction and to pay and discharge all taxes shown to be due and payable on such returns and all other taxes, assessments, governmental charges, or levies imposed on them or any of their properties, assets, income or franchises, to the extent such taxes and assessments have become due and payable and before they have become delinquent and all claims for which sums have become due and payable that have or might become a Lien on properties or assets of any Obligor or any other Subsidiary, provided that neither any Obligor nor any other Subsidiary need pay any such tax or assessment or claims if (i) the amount, applicability or validity thereof is contested by such Obligor or such Subsidiary on a timely basis in good faith and in appropriate proceedings, and an Obligor or another Material Domestic Subsidiary has established adequate reserves therefor in accordance with GAAP on its books or (ii) the nonpayment of all such taxes and assessments in the aggregate could not reasonably be expected to have a Material Adverse Effect.

9.5. Corporate Existence, etc.

Subject to Sections 10.6 and 10.7, each Obligor will at all times preserve and keep in full force and effect its corporate existence. Subject to Sections 10.6 and 10.7, the Company will at all times preserve and keep in full force and effect the corporate existence of each of its Subsidiaries (unless merged into the Company or a Subsidiary) and all rights and franchises of the Company and its Subsidiaries unless, in the good faith judgment of the Company, the termination of or failure to preserve and keep in full force and effect such corporate existence, right or franchise could not, individually or in the aggregate, have a Material Adverse Effect.

9.6. Ranking of Notes.

The Notes and the Obligor's obligations under this Agreement will rank at least pari passu with all of the Obligor's outstanding unsecured Senior Debt.

9.7. Subsidiary Guaranty.

(a) Subsidiary Guarantors. The Obligor will not permit any other Domestic Subsidiary to become a borrower under, or to directly or indirectly guarantee any obligations of any Obligor under, any Loan Agreement unless the Obligor cause such Domestic Subsidiary to concurrently execute and deliver a guaranty in substantially the form of Exhibit 9.7 (the "Subsidiary Guaranty"), or, if such Subsidiary Guaranty has previously been delivered, to execute and deliver a Joinder to the Subsidiary Guaranty to each holder of Notes:

(i) copies of such directors' or other authorizing resolutions, charter, bylaws and other constitutive documents of such Domestic Subsidiary as the Required Holders may reasonably request; and

(ii) an opinion of counsel covering the authorization, execution, delivery, compliance with law, no conflict with other documents, no consents and enforceability of the Subsidiary Guaranty against such Domestic Subsidiary.

(b) Additional Subsidiary Guarantors. If at any time the Consolidated Adjusted Net Income for the four consecutive fiscal quarters most recently ended of all of the Company's Domestic Subsidiaries that are not Obligor or Subsidiary Guarantors exceeds 20% of the Company's Consolidated Adjusted Net Income for such period, the Company will, within 30 days after its senior management becomes aware of such event (or should have become aware), cause additional Domestic Subsidiaries to execute and deliver a Joinder to the Subsidiary Guaranty so that, after giving effect thereto, the threshold level above is not exceeded and shall deliver to each holder of Notes the documents listed in Section 9.7(a)(i) and (ii).

9.8. Books and Records.

The Company will, and will cause each of its Subsidiaries to, maintain proper books of record and account in conformity with GAAP and all applicable requirements of any Governmental Authority having legal or regulatory jurisdiction over the Company or such Subsidiary, as the case may be.

9.9. Compliance with Anti-Money Laundering Laws, U.S. Economic Sanctions, and Anti-Corruption Laws.

By June 30, 2015, the Obligors will have established procedures and controls which the Obligors reasonably believes are adequate (and otherwise comply with applicable law) to ensure that each Obligor and each Controlled Entity is and will continue to be in compliance with all applicable current and future Anti-Money Laundering Laws and U.S. Economic Sanctions. By June 30, 2015, the Obligors will have established procedures and controls which the Obligors reasonably believe are adequate (and otherwise comply with applicable law) to ensure that each Obligor and each Controlled Entity is and will continue to be in compliance with all applicable current and future Anti-Corruption Laws.

10. NEGATIVE COVENANTS.

The Obligors, jointly and severally, covenant that so long as any of the Notes are outstanding:

10.1. Debt to Adjusted EBITDA Ratio.

The Company will not permit the Debt to Adjusted EBITDA Ratio, as of the end of any fiscal quarter, to be greater than 3.50 to 1.00; provided that, upon notice by the Obligors to the holders of Notes, as of the last day of each of the four consecutive fiscal quarters immediately following a Qualified Acquisition, such ratio may be greater than 3.50 to 1.00, but in no event greater than 4.00 to 1.00, if the Company pays the additional interest provided for in Section 1.2.

10.2. Interest Coverage.

The Company will not permit the ratio of Consolidated Adjusted EBITDA to Consolidated Interest Expense (in each case for the Company's then most recently completed four fiscal quarters) to be less than 2.50 to 1.00 at any time.

10.3. Priority Debt.

The Company will not permit Priority Debt to exceed 15% of Consolidated Total Assets (as of the end of the Company's then most recently completed fiscal quarter) at any time.

10.4. Liens.

The Company will not, and will not permit any Subsidiary to, permit to exist, create, assume or incur, directly or indirectly, any Lien on its properties or assets, whether now owned or hereafter acquired, except:

(a) Liens for taxes, assessments or governmental charges not then due and delinquent or the nonpayment of which is permitted by Section 9.4;

(b) any attachment or judgment Lien, unless the judgment it secures has not, within 60 days after the entry thereof, been discharged or execution thereof stayed pending appeal, or has not been discharged within 60 days after the expiration of any such stay;

(c) Liens incidental to the conduct of business or the ownership of properties and assets (including landlords', lessors', carriers', warehousemen's, mechanics', materialmen's and other similar Liens) and Liens to secure the performance of bids, tenders, leases or trade contracts, or to secure statutory obligations (including obligations under workers compensation, unemployment insurance and other social security legislation), surety or appeal bonds or other Liens of like general nature incurred in the ordinary course of business and not in connection with the borrowing of money;

(d) encumbrances in the nature of leases, subleases, zoning restrictions, easements, rights of way, minor survey exceptions and other rights and restrictions of record on the use of real property and defects in title arising or incurred in the ordinary course of business, which, individually and in the aggregate, do not materially impair the use of the property or assets subject thereto by the Company or such Subsidiary in their business or which relate only to assets that in the aggregate are not Material;

(e) Liens securing Debt existing on property or assets of the Company or any Subsidiary as of the date of this Agreement that are described in Schedule 10.4;

(f) Liens (i) existing on property at the time of its acquisition by the Company or a Subsidiary and not created in contemplation thereof, whether or not the Debt secured by such Lien is assumed by the Company or a Subsidiary; or (ii) on property (including (Capital Leases) created contemporaneously with its acquisition or within 180 days of the

acquisition or completion of construction or improvements thereof to secure or provide for all or a portion of the acquisition price or cost of construction or improvements of such property after the date of Closing; or (iii) existing on property of a Person at the time such Person is merged or consolidated with, or becomes a Subsidiary of, or substantially all of its assets are acquired by, the Company or a Subsidiary and not created in contemplation thereof; provided that such Liens do not extend to additional property of the Company or any Subsidiary (other than property that is an improvement to or is acquired for specific use in connection with the subject property) and that the aggregate principal amount of Debt secured by each such Lien does not exceed the lesser of cost of acquisition or construction or the fair market value (determined in good faith by one or more officers of the Company to whom authority to enter into the transaction has been delegated by the board of directors of the Company) of the property subject thereto;

(g) Liens resulting from extensions, renewals or replacements of Liens permitted by paragraphs (e) and (f), provided that (i) there is no increase in the principal amount or decrease in maturity of the Debt secured thereby at the time of such extension, renewal or replacement, (ii) any new Lien attaches only to the same property theretofore subject to such earlier Lien and (iii) immediately after such extension, renewal or replacement no Default or Event of Default would exist;

(h) Liens securing Debt of a Subsidiary owed to the Company or to a Wholly Owned Subsidiary;

(i) Liens arising in connection with a Contract Purchase Facility or a Permitted Receivables Securitization Transaction on the assets transferred in connection therewith, including proceeds and cash;

(j) Liens on the properties or assets of any Foreign Subsidiary, whether now or hereafter acquired, securing Debt that is non-recourse to the Company or any Domestic Subsidiary; provided that the aggregate principal amount of Debt secured by all such Liens does not exceed \$5,000,000 at any time;

(k) Liens securing Debt not otherwise permitted by paragraphs (a) through (j) above, provided that Priority Debt does not exceed 15% of Consolidated Total Assets (as of the end of the Company's then most recently completed fiscal quarter) at any time; provided, further, that notwithstanding the foregoing, the Company will not, and will not permit any of its Subsidiaries to, secure any Debt outstanding under or pursuant to the Credit Agreement pursuant to this Section 10.4(k) unless and until the Notes (and any guaranty delivered in connection therewith) shall be concurrently secured equally and ratably with such Debt pursuant to documentation reasonably acceptable to the Required Holders in substance and in form.

10.5. Subsidiary Debt.

The Company will not at any time permit any Subsidiary (other than an Obligor), directly or indirectly, to create, incur, assume, guarantee, have outstanding, or otherwise become or remain directly or indirectly liable for, any Debt other than:

(a) Debt outstanding on the date hereof that is described on Schedule 10.5, and any replacement, renewal, refinancing or extension of any such Debt that (i) does not exceed the aggregate principal amount (plus accrued interest and any applicable premium and associated fees and expenses) of the Debt being replaced, renewed, refinanced or extended, (ii) does not have a Weighted Average Life to Maturity at the time of such replacement, renewal, refinancing or extension that is less than the Weighted Average Life to Maturity of the Debt being replaced, renewed, refinanced or extended and (iii) does not rank at the time of such replacement, renewal, refinancing or extension senior to the Debt being replaced, renewed, refinanced or extended;

(b) Debt owed to the Company or a Wholly Owned Subsidiary;

(c) Debt of any Subsidiary Guarantor;

(d) Debt of a Subsidiary outstanding at the time of its acquisition by the Company, provided that (i) such Debt was not incurred in contemplation of becoming a Subsidiary, and (ii) at the time of such acquisition and after giving effect thereto, no Default or Event of Default exists or would exist, and any replacement, renewal, refinancing or extension of any such Debt that (i) does not exceed the aggregate principal amount (plus accrued interest and any applicable premium and associated fees and expenses) of the Debt being replaced, renewed, refinanced or extended, (ii) does not have a Weighted Average Life to Maturity at the time of such replacement, renewal, refinancing or extension that is less than the Weighted Average Life to Maturity of the Debt being replaced, renewed, refinanced or extended and (iii) does not rank at the time of such replacement, renewal, refinancing or extension senior to the Debt being replaced, renewed, refinanced or extended;

(e) Debt incurred by any Foreign Subsidiary, whether now or hereafter acquired, that is non-recourse to the Company or any Domestic Subsidiary; provided that the aggregate principal amount of such Debt does not exceed \$5,000,000 at any time;

(f) Debt not otherwise permitted by the preceding clauses (a) through (e), provided that immediately before and after giving effect thereto and to the application of the proceeds thereof,

(i) no Default or Event of Default exists, and

(ii) Priority Debt does not exceed 15% of Consolidated Total Assets (as of the end of the Company's then most recently completed fiscal quarter) at any time.

10.6. Mergers, Consolidations, etc.

(a) The Company will not consolidate with or merge with any other Person or convey, transfer, sell or lease all or substantially all of its assets in a single transaction or series of transactions to any Person unless:

(i) the successor formed by such consolidation or the survivor of such merger or the Person that acquires by conveyance, transfer, sale or lease all or substantially all of the assets of the Company as an entirety, as the case may be, is a solvent corporation organized and existing under the laws of the United States or any state thereof (including the District of Columbia), and, if the Company is not such corporation, such corporation (A) shall have executed and delivered to each holder of any Notes its assumption of the due and punctual performance and observance of each covenant and condition of this Agreement and the Notes and (B) shall have caused to be delivered to each holder of any Notes an opinion of nationally recognized independent counsel or other independent counsel reasonably satisfactory to the Required Holders, to the effect that all agreements or instruments effecting such assumption are enforceable in accordance with their terms and comply with the terms hereof; and

(ii) immediately before and after giving effect to such transaction, no Default or Event of Default shall have occurred and be continuing.

No such conveyance, transfer, sale or lease of all or substantially all of the assets of the Company shall have the effect of releasing the Company or any successor corporation that shall theretofore have become such in the manner prescribed in this Section 10.6 from its liability under this Agreement or the Notes.

(b) The Company will not permit any Subsidiary that is an Obligor to consolidate with or merge with any other Subsidiary that is not an Obligor (a “NonObligor Subsidiary”) if such Non-Obligor Subsidiary is the successor or survivor, or convey, transfer, sell or lease all or substantially all of its assets in a single transaction or series of transactions to any Non-Obligor Subsidiary, unless:

(i) such Non-Obligor Subsidiary (A) is a solvent corporation organized and existing under the laws of the United States or any state thereof (including the District of Columbia), (B) shall have executed and delivered to each holder of any Notes its assumption of the due and punctual performance and observance of each covenant and condition of this Agreement and the Notes and (C) shall have caused to be delivered to each holder of any Notes an opinion of nationally recognized independent counsel or other independent counsel reasonably satisfactory to the Required Holders, to the effect that all agreements or instruments effecting such assumption are enforceable in accordance with their terms and comply with the terms hereof; and

(ii) immediately before and after giving effect to such transaction, no Default or Event of Default shall have occurred and be continuing.

10.7. Sale of Assets.

Except as permitted by Section 10.6, the Company will not, and will not permit any Subsidiary to, make any Asset Disposition unless:

(a) in the good faith opinion of the Company, the Asset Disposition is in exchange for consideration having a fair market value at least equal to that of the property exchanged and is in the best interest of the Company or such Subsidiary;

(b) immediately after giving effect to the Asset Disposition, no Default or Event of Default would exist; and

(c) (A) for any Asset Disposition occurring during the period beginning on the date of the Closing and continuing through March 23, 2017, (i) the aggregate Disposition Value of all Closing Date Property that is the subject of any Asset Disposition during a Company fiscal year, excluding the value of intangible assets allocated to such property, would not exceed 15% of Consolidated Total Tangible Assets as of the end of the preceding fiscal year, and (ii) the aggregate Disposition Value of all Subsequently Acquired Property subject to any Asset Disposition during a Company fiscal year would not exceed 15% of Consolidated Total Assets as of the end of the preceding fiscal year; provided, however, that notwithstanding when the Company directly or indirectly acquired the property, the Company shall not make Asset Dispositions during any fiscal year that result in aggregate Disposition Value, excluding the value of intangible assets allocated to such property, that exceeds 15% of Consolidated Total Tangible Assets as of the end of the preceding fiscal year and (B) for any Asset Disposition occurring on or after March 23, 2017, immediately after giving effect to the Asset Disposition, the Disposition Value of all property that was the subject of any Asset Disposition occurring in the then current fiscal year of the Company would not exceed 15% of Consolidated Total Assets as of the end of the then most recently completed fiscal year of the Company.

If the Net Proceeds Amount for any Transfer is applied to a Debt Prepayment Application or a Property Reinvestment Application within 90 days before or 365 days after such Transfer, then such Transfer, only for the purpose of determining compliance with paragraph (c) of this Section 10.7 as of any date, shall be deemed not to be an Asset Disposition.

10.8. Transactions with Affiliates.

The Company will not and will not permit any Subsidiary to enter into directly or indirectly any Material transaction or Material group of related transactions (including without limitation the purchase, lease, sale or exchange of properties of any kind or the rendering of any service) with any Affiliate (other than the Company or another Subsidiary), except in the ordinary course of the Company's or such Subsidiary's business and upon fair and reasonable terms no less favorable to the Company or such Subsidiary than would be obtainable in a comparable arm's-length transaction with a Person not an Affiliate.

10.9. Terrorism Sanctions Regulations.

The Obligors will not and will not permit any Controlled Entity (a) to become (including by virtue of being owned or controlled by a Blocked Person), own or control a Blocked Person or any Person that is the target of sanctions imposed by the United Nations or by the European Union, or (b) directly or, to the knowledge of a Responsible Officer, indirectly to have any investment in or engage in any dealing or transaction (including, without limitation, any investment, dealing or transaction involving the proceeds of the Notes) with any Person if such investment, dealing or transaction (i) would cause any holder to be in violation of any law or regulation applicable to such holder, or (ii) is prohibited by or subject to sanctions under any U.S. Economic Sanctions, or (c) to engage, nor shall any Affiliate of either engage, in any activity that could subject such Person or any holder to sanctions under CISADA or any similar law or regulation with respect to Iran or any other country that is subject to U.S. Economic Sanctions.

10.10. Material Acquisitions.

For the period commencing on the Second Amendment Effective Date through the Temporary Covenant Termination Date, the Obligors will not, and will not permit any Subsidiary to consummate a Material Acquisition.

10.11. Share Repurchases.

For the period commencing on the Second Amendment Effective Date through the Temporary Covenant Termination Date, the Company will not repurchase or otherwise acquire or retire any shares of its Capital Stock.

10.12. Most Favored Lender.

If the Company suffers to exist any terms or conditions or enters into any amendment or other modification, of the Credit Agreement, the Existing Loan Agreement or any notes, indenture or other agreements evidencing Debt incurred pursuant to Section 10.5(f) (collectively, “**Other Specified Indebtedness**”) that (i) results in one or more additional or more restrictive Financial Covenants than those contained in this Agreement or (ii) solely in the case of Other Specified Indebtedness permitted under Section 10.5(f), results in any term, condition or provision (including, for the avoidance of doubt, any covenant, representation, default, security, guaranty or mandatory prepayment) that is not included in this Agreement or otherwise differs from the similar or equivalent term, condition or provision set forth in this Agreement in any material respect, then, in each case, the terms of this Agreement, without any further action on the part of the Company or any holder of Notes, will unconditionally be deemed on the Second Amendment Effective Date or the date of execution of any such amendment or other modification, as applicable, to be automatically amended to include each such additional or more restrictive Financial Covenant or other term, condition or provision, together with all definitions relating thereto, and any event of default in respect of any such additional or more restrictive covenant(s) so included herein shall be deemed to be a Default under Section 11(c), subject to all applicable terms and provisions of this Agreement, including, without limitation, all grace

periods, all limitations in application, scope or duration, and all rights and remedies exercisable by holders of Notes hereunder.

11. EVENTS OF DEFAULT.

An “Event of Default” shall exist if any of the following conditions or events shall occur and be continuing:

(a) the Obligors default in the payment of any principal, Make-Whole Amount, if any, on any Note when the same becomes due and payable, whether at maturity or at a date fixed for prepayment or by declaration or otherwise; or

(b) the Obligors default in the payment of any interest on any Note for more than five Business Days after the same becomes due and payable; or

(c) the Obligors default in the performance of or compliance with any term contained in Section 7.1(d), Sections 10.1 through 10.5, Section 10.7, or Sections 10.10 through 10.12;

(d) the Obligors default in the performance of or compliance with any term contained herein (other than those referred to in paragraphs (a), (b) and (c) of this Section 11) and such default is not remedied within 30 days after the earlier of (i) a Responsible Officer obtaining actual knowledge of such default or (ii) the Company receiving written notice of such default from any holder of a Note; or

(e) any representation or warranty made in writing by or on behalf of the Obligors or by any officer of any Obligor in this Agreement or in any writing furnished in connection with the transactions contemplated hereby or thereby proves to have been false or incorrect in any material respect on the date as of which made; or

(f) (i) any Obligor or any other Subsidiary is in default (as principal or as guarantor or other surety) in the payment of any principal of or premium or makewhole amount or libor-breakage amount or interest on any Debt that is outstanding in an aggregate principal amount of at least the greater of \$50,000,000 or 2% of Consolidated Total Assets beyond any period of grace provided with respect thereto, or (ii) any Obligor or any other Subsidiary is in default in the performance of or compliance with any term of any evidence of any Debt that is outstanding in an aggregate principal amount of at least the greater of \$50,000,000 or 2% of Consolidated Total Assets or of any mortgage, indenture or other agreement relating thereto or any other condition exists, and as a consequence of such default or condition such Debt has become, or has been declared (or, in the case of defaults other than Disclosure Defaults, one or more Persons are entitled to declare such Debt to be), due and payable before its stated maturity or before its regularly scheduled dates of payment, or (iii) as a consequence of the occurrence or continuation of any event or condition (other than the passage of time or the right of the holder of Debt to convert such Debt into equity interests), (A) any Obligor or any other Subsidiary has become obligated to purchase or repay Debt before its regular maturity or before its

regularly scheduled dates of payment in an aggregate outstanding principal amount of at least the greater of \$50,000,000 or 2% of Consolidated Total Assets or (B) other than Disclosure Defaults, one or more Persons have the right to require any Obligor or any other Subsidiary so to purchase or repay such Debt; or

(g) any Obligor or any other Subsidiary (i) is generally not paying, or admits in writing its inability to pay, its debts as they become due, (ii) files, or consents by answer or otherwise to the filing against it of, a petition for relief or reorganization or arrangement or any other petition in bankruptcy, for liquidation or to take advantage of any bankruptcy, insolvency, reorganization, moratorium or other similar law of any jurisdiction, (iii) makes an assignment for the benefit of its creditors, (iv) consents to the appointment of a custodian, receiver, trustee or other officer with similar powers with respect to it or with respect to any substantial part of its property, (v) is adjudicated as insolvent or to be liquidated, or (vi) takes corporate action for the purpose of any of the foregoing, it being expressly understood and agreed that consulting with counsel and other professional advisers with respect to its rights and responsibilities under Federal or state bankruptcy or insolvency laws shall not, in and of itself, constitute the corporate action referred to above; or

(h) a court or governmental authority of competent jurisdiction enters an order appointing, without consent by any Obligor or any other Subsidiary, a custodian, receiver, trustee or other officer with similar powers with respect to it or with respect to any substantial part of its property, or constituting an order for relief or approving a petition for relief or reorganization or any other petition in bankruptcy or for liquidation or to take advantage of any bankruptcy or insolvency law of any jurisdiction, or ordering the dissolution, winding-up or liquidation of any Obligor or any other Subsidiary, or any such petition shall be filed against any Obligor or any other Subsidiary and such petition shall not be dismissed within 60 days; or

(i) a final judgment or judgments for the payment of money aggregating more than the greater of \$50,000,000 or 2% of Consolidated Total Assets are rendered against one or more of the Obligors and any other Subsidiaries, which judgments are not, within 60 days after entry thereof, bonded, discharged or stayed pending appeal, or are not discharged within 60 days after the expiration of such stay; or

(j) if (i) any Plan shall fail to satisfy the minimum funding standards of ERISA or the Code for any plan year or part thereof or a waiver of such standards or extension of any amortization period is sought or granted under section 412 of the Code, (ii) a notice of intent to terminate any Plan shall have been or is reasonably expected to be filed with the PBGC or the PBGC shall have instituted proceedings under ERISA section 4042 to terminate or appoint a trustee to administer any Plan or the PBGC shall have notified the Company or any ERISA Affiliate that a Plan may become a subject of any such proceedings, (iii) the aggregate "amount of unfunded benefit liabilities" (within the meaning of section 4001(a)(18) of ERISA) under all Plans determined in accordance with Title IV of ERISA, shall be greater than the greater of \$50,000,000 or 2% of

Consolidated Total Assets, (iv) the Company or any ERISA Affiliate shall have incurred or is reasonably expected to incur any liability pursuant to Title I or IV of ERISA or the penalty or excise tax provisions of the Code relating to employee benefit plans, (v) the Company or any ERISA Affiliate withdraws from any Multiemployer Plan, or (vi) the Company or any Subsidiary establishes or amends any employee welfare benefit plan that provides post-employment welfare benefits in a manner that would increase the liability of the Company or any Subsidiary thereunder; and any such event or events described in clauses (i) through (vi) above, either individually or together with any other such event or events, could reasonably be expected to have a Material Adverse Effect; or

(k) any Subsidiary Guarantor defaults in the performance of or compliance with any term contained in the Subsidiary Guaranty or the Subsidiary Guaranty ceases to be in full force and effect as a result of acts taken by the Company or any Subsidiary Guarantor, except as provided in Section 22, or is declared to be null and void in whole or in material part by a court or other governmental or regulatory authority having jurisdiction or the validity or enforceability thereof shall be contested by any of the Company or any Subsidiary Guarantor or any of them renounces any of the same or denies that it has any or further liability thereunder.

As used in Section 11(j), the terms “employee benefit plan” and “employee welfare benefit plan” shall have the respective meanings assigned to such terms in section 3 of ERISA.

12. REMEDIES ON DEFAULT, ETC.

12.1. Acceleration.

(a) If an Event of Default with respect to any Obligor described in paragraph (g) or (h) of Section 11 (other than an Event of Default described in clause (i) of paragraph (g) or described in clause (vi) of paragraph (g) by virtue of the fact that such clause encompasses clause (i) of paragraph (g)) has occurred, all the Notes then outstanding shall automatically become immediately due and payable.

(b) If any other Event of Default has occurred and is continuing, holders of at least 51% in principal amount of the Notes at the time outstanding may at any time at its or their option, by notice or notices to the Obligors, declare all the Notes then outstanding to be immediately due and payable.

(c) If any Event of Default described in paragraph (a) or (b) of Section 11 has occurred and is continuing, any holder or holders of Notes at the time outstanding affected by such Event of Default may at any time, at its or their option, by notice or notices to the Company, declare all the Notes held by it or them to be immediately due and payable.

Upon any Notes becoming due and payable under this Section 12.1, whether automatically or by declaration, such Notes will forthwith mature and the entire unpaid principal amount of such Notes, plus (w) all accrued and unpaid interest thereon and (x) any applicable

Make-Whole Amount determined in respect of such principal amount (to the full extent permitted by applicable law), shall all be immediately due and payable, in each and every case without presentment, demand, protest or further notice, all of which are hereby waived. The Obligors acknowledge, and the parties hereto agree, that each holder of a Note has the right to maintain its investment in the Notes free from repayment by the Obligors (except as herein specifically provided for) and that the provision for payment of a Make-Whole Amount by the Obligors in the event that the Notes are prepaid or are accelerated as a result of an Event of Default, is intended to provide compensation for the deprivation of such right under such circumstances.

12.2. Other Remedies.

If any Default or Event of Default has occurred and is continuing, and irrespective of whether any Notes have become or have been declared immediately due and payable under Section 12.1, the holder of any Note at the time outstanding may proceed to protect and enforce the rights of such holder by an action at law, suit in equity or other appropriate proceeding, whether for the specific performance of any agreement contained herein or in any Note, or for an injunction against a violation of any of the terms hereof or thereof, or in aid of the exercise of any power granted hereby or thereby or by law or otherwise.

12.3. Rescission.

At any time after any Notes have been declared due and payable pursuant to clause (b) or (c) of Section 12.1, the holders of at least 51% in principal amount of the then outstanding Notes, by written notice to the Obligors, may rescind and annul any such declaration and its consequences if (a) the Obligors have paid all overdue interest on the Notes, all principal of and any Make-Whole Amount on any Notes that are due and payable and are unpaid other than by reason of such declaration, and all interest on such overdue principal and any Make-Whole Amount and (to the extent permitted by applicable law) any overdue interest in respect of the Notes, at the Default Rate, (b) all Events of Default and Defaults, other than nonpayment of amounts that have become due solely by reason of such declaration, have been cured or have been waived pursuant to Section 17, and (c) no judgment or decree has been entered for the payment of any monies due pursuant hereto or to the Notes. No rescission and annulment under this Section 12.3 will extend to or affect any subsequent Event of Default or Default or impair any right consequent thereon.

12.4. No Waivers or Election of Remedies, Expenses, etc.

No course of dealing and no delay on the part of any holder of any Note in exercising any right, power or remedy shall operate as a waiver thereof or otherwise prejudice such holder's rights, powers or remedies. No right, power or remedy conferred by this Agreement or by any Note or the Subsidiary Guaranty upon any holder thereof shall be exclusive of any other right, power or remedy referred to herein or therein or now or hereafter available at law, in equity, by statute or otherwise. Without limiting the obligations of the Obligors under Section 15, the Obligors will pay to the holder of each Note on demand such further amount as shall be sufficient to cover all costs and expenses of such holder incurred in any enforcement or

collection under this Section 12, including, without limitation, reasonable attorneys' fees, expenses and disbursements.

13. REGISTRATION; EXCHANGE; SUBSTITUTION OF NOTES.

13.1. Registration of Notes.

The Company shall keep at its principal executive office a register for the registration and registration of transfers of Notes. The name and address of each holder of one or more Notes, each transfer thereof, and the name and address of each transferee of one or more Notes shall be registered in such register. Prior to due presentment for registration of transfer, the Person in whose name any Note shall be registered shall be deemed and treated as the owner and holder thereof for all purposes hereof, and the Company shall not be affected by any notice or knowledge to the contrary. The Company shall give to any holder of a Note that is an Institutional Investor, promptly upon request therefor, a complete and correct copy of the names and addresses of all registered holders of Notes.

13.2. Transfer and Exchange of Notes.

Upon surrender of any Note at the principal executive office of the Company for registration of transfer or exchange (and in the case of a surrender for registration of transfer, duly endorsed or accompanied by a written instrument of transfer duly executed by the registered holder of such Note or his attorney duly authorized in writing and accompanied by the address for notices of each transferee of such Note or part thereof), the Obligors shall execute and deliver within five Business Days, at the Obligors' expense (except as provided below), one or more new Notes (as requested by the holder thereof) in exchange therefor, in an aggregate principal amount equal to the unpaid principal amount of the surrendered Note. Each such new Note shall be payable to such Person as such holder may request and shall be substantially in the form of Exhibit 1. Each such new Note shall be dated and bear interest from the date to which interest shall have been paid on the surrendered Note or dated the date of the surrendered Note if no interest shall have been paid thereon. The Company may require payment of a sum sufficient to cover any stamp tax or governmental charge imposed in respect of any such transfer of Notes. Notes shall not be transferred in denominations of less than \$100,000, provided that if necessary to enable the registration of transfer by a holder of its entire holding of Notes, one Note may be in a denomination of less than \$100,000. Any transferee, by its acceptance of a Note registered in its name (or the name of its nominee), shall be deemed to have made the representation set forth in Section 6.2.

13.3. Replacement of Notes.

Upon receipt by the Company of evidence reasonably satisfactory to it of the ownership of and the loss, theft, destruction or mutilation of any Note (which evidence shall be, in the case of an Institutional Investor, notice from such Institutional Investor of such ownership and such loss, theft, destruction or mutilation), and

(a) in the case of loss, theft or destruction, of indemnity reasonably satisfactory to it (provided that if the holder of such Note is, or is a nominee for, an original Purchaser or another Institutional Investor holder of a Note with a minimum net worth of at least \$50,000,000, such Person's own unsecured agreement of indemnity shall be deemed to be satisfactory), or

(b) in the case of mutilation, upon surrender and cancellation thereof,

the Obligors at their own expense shall execute and deliver within five Business Days, in lieu thereof, a new Note, dated and bearing interest from the date to which interest shall have been paid on such lost, stolen, destroyed or mutilated Note or dated the date of such lost, stolen, destroyed or mutilated Note if no interest shall have been paid thereon.

14. PAYMENTS ON NOTES.

14.1. Place of Payment.

Subject to Section 14.2, payments of principal, Make-Whole Amount, if any, and interest becoming due and payable on the Notes shall be made in New York City at the principal office of JPMorgan Chase Bank, N.A. in such jurisdiction. The Obligors may at any time, by notice to each holder of a Note, change the place of payment of the Notes so long as such place of payment shall be either the principal office of the Company in such jurisdiction or the principal office of a bank or trust company in such jurisdiction.

14.2. Home Office Payment.

So long as you or your nominee shall be the holder of any Note, and notwithstanding anything contained in Section 14.1 or in such Note to the contrary, the Obligors will pay all sums becoming due on such Note for principal, Make-Whole Amount, if any, and interest by the method and at the address specified for such purpose below your name in Schedule A, or by such other method or at such other address as you shall have from time to time specified to the Company in writing for such purpose, without the presentation or surrender of such Note or the making of any notation thereon, except that upon written request of the Company made concurrently with or reasonably promptly after payment or prepayment in full of any Note, you shall surrender such Note for cancellation, reasonably promptly after any such request, to the Company at its principal executive office or at the place of payment most recently designated by the Company pursuant to Section 14.1. Prior to any sale or other disposition of any Note held by you or your nominee you will, at your election, either endorse thereon the amount of principal paid thereon and the last date to which interest has been paid thereon or surrender such Note to the Company in exchange for a new Note or Notes pursuant to Section 13.2. The Obligors will afford the benefits of this Section 14.2 to any Institutional Investor that is the direct or indirect transferee of any Note purchased by you under this Agreement and that has made the same agreement relating to such Note as you have made in this Section 14.2.

15. EXPENSES, ETC.

15.1. Transaction Expenses.

Whether or not the transactions contemplated hereby are consummated, the Obligors will pay all costs and expenses (including reasonable attorneys' fees of a special counsel and, if reasonably required, local or other counsel) incurred by you and each Other Purchaser or holder of a Note in connection with such transactions and in connection with any amendments, waivers or consents under or in respect of this Agreement or the Notes (whether or not such amendment, waiver or consent becomes effective), including: (a) the costs and expenses incurred in enforcing or defending (or determining whether or how to enforce or defend) any rights under this Agreement or the Notes, or in responding to any subpoena or other legal process or informal investigative demand issued in connection with this Agreement or the Notes, or by reason of being a holder of any Note, (b) the costs and expenses, including financial advisors' fees, incurred in connection with the insolvency or bankruptcy of any Obligor or any other Subsidiary or in connection with any work-out or restructuring of the transactions contemplated hereby and by the Notes, and (c) the costs and expenses not in excess of \$3,000 incurred in connection with the initial filing of this Agreement and all related documents and financial information, and all subsequent annual and interim filings of documents and financial information related to this Agreement, with the Securities Valuation Office of the National Association of Insurance Commissioners or any successor organization succeeding to the authority thereof. The Obligors will pay, and will save you and each other holder of a Note harmless from, all claims in respect of any fees, costs or expenses if any, of brokers and finders (other than those retained by you).

15.2. Survival.

The obligations of the Obligors under this Section 15 will survive the payment or transfer of any Note, the enforcement, amendment or waiver of any provision of this Agreement or the Notes, and the termination of this Agreement.

16. SURVIVAL OF REPRESENTATIONS AND WARRANTIES; ENTIRE AGREEMENT.

All representations and warranties contained herein shall survive the execution and delivery of this Agreement and the Notes, the purchase or transfer by you of any Note or portion thereof or interest therein and the payment of any Note, and may be relied upon by any subsequent holder of a Note, regardless of any investigation made at any time by or on behalf of you or any other holder of a Note. All statements contained in any certificate or other instrument delivered by or on behalf of any Obligor pursuant to this Agreement shall be deemed representations and warranties of such Obligor under this Agreement. Subject to the preceding sentence, this Agreement and the Notes embody the entire agreement and understanding between you and the Obligors and supersede all prior agreements and understandings relating to the subject matter hereof.

17. AMENDMENT AND WAIVER.

17.1. Requirements.

This Agreement, the Notes and the Subsidiary Guaranty may be amended, and the observance of any term hereof or of the Notes may be waived (either retroactively or prospectively), with (and only with) the written consent of the Obligor and the Required Holders, except that (a) no amendment or waiver of any of the provisions of Section 1, 2, 3, 4, 5, 6 or 21 hereof, or any defined term (as it is used therein), will be effective as to you unless consented to by you in writing, and (b) no such amendment or waiver may, without the written consent of the holder of each Note at the time outstanding affected thereby, (i) subject to the provisions of Section 12 relating to acceleration or rescission, change the amount or time of any prepayment or payment of principal of, or reduce the rate or change the time of payment or method of computation of interest or of the Make-Whole Amount on, the Notes, (ii) change the percentage of the principal amount of the Notes the holders of which are required to consent to any such amendment or waiver, or (iii) amend any of Sections 8, 11(a), 11(b), 12, 17 or 20.

17.2. Solicitation of Holders of Notes.

(a) Solicitation. The Company will provide each holder of the Notes (irrespective of the amount of Notes then owned by it) with sufficient information, sufficiently far in advance of the date a decision is required, to enable such holder to make an informed and considered decision with respect to any proposed amendment, waiver or consent in respect of any of the provisions hereof or of the Notes. The Company will deliver executed or true and correct copies of each amendment, waiver or consent effected pursuant to the provisions of this Section 17 to each holder of outstanding Notes promptly following the date on which it is executed and delivered by, or receives the consent or approval of, the requisite holders of Notes.

(b) Payment. The Obligor will not directly or indirectly pay or cause to be paid any remuneration, whether by way of supplemental or additional interest, fee or otherwise, or grant any security or provide other credit support, to any holder of Notes as consideration for or as an inducement to the entering into by any holder of Notes or any waiver or amendment of any of the terms and provisions hereof unless such remuneration is concurrently paid, or security is concurrently granted, or other credit support is concurrently provided, on the same terms, ratably to each holder of Notes then outstanding even if such holder did not consent to such waiver or amendment.

(c) Consent in Contemplation of Transfer. Any consent made pursuant to this Section 17 by a holder of Notes that has transferred or has agreed to transfer its Notes to any Obligor, any Subsidiary or any Affiliate of any Obligor (or to any other Person in connection with, or in anticipation of, an acquisition of, tender offer for, or merger with an Obligor) and has provided or has agreed to provide such written consent as a condition to such transfer shall be void and of no force or effect except solely as to such holder, and any amendments effected or waivers granted or to be effected or granted that would not have been or would not be so effected or granted but for such consent (and the consents of other holders of Notes that were acquired under the same or similar conditions) shall be void and of no force or effect except solely as to such holder.

17.3. Binding Effect, etc.

Any amendment or waiver consented to as provided in this Section 17 applies equally to all holders of Notes and is binding upon them and upon each future holder of any Note and upon the Obligors without regard to whether such Note has been marked to indicate such amendment or waiver. No such amendment or waiver will extend to or affect any obligation, covenant, agreement, Default or Event of Default not expressly amended or waived or impair any right consequent thereon. No course of dealing between the Obligors and the holder of any Note nor any delay in exercising any rights hereunder or under any Note shall operate as a waiver of any rights of any holder of such Note. As used herein, the term “this Agreement” or “the Agreement” and references thereto shall mean this Agreement as it may from time to time be amended or supplemented.

17.4. Notes held by Obligors, etc.

Solely for the purpose of determining whether the holders of the requisite percentage of the then-outstanding aggregate principal amount of Notes approved or consented to any amendment, waiver or consent to be given under this Agreement or the Notes, or have directed the taking of any action provided herein or in the Notes to be taken upon the direction of the holders of a specified percentage of the then-outstanding aggregate principal amount of Notes, Notes directly or indirectly owned by any Obligor or any of its Subsidiaries shall be deemed not to be outstanding.

18. NOTICES.

All notices and communications provided for hereunder shall be in writing and sent (a) by e-mail, (b) by facsimile, (c) by registered or certified mail with return receipt requested (postage prepaid), or (d) by a recognized overnight delivery service (with charges prepaid). Any such notice must be sent:

(i) if to you or your nominee, to you or it at the address specified for such communications in Schedule A, or at such other address as you or it shall have specified to the Company in writing,

(ii) if to any other holder of any Note, to such holder at such address as such other holder shall have specified to the Company in writing, or

(iii) if to the Company or to the Obligors, to the Company at its address set forth at the beginning hereof to the attention of the Chief Financial Officer, or at such other address as the Company shall have specified to the holder of each Note in writing.

Notices under this Section 18 will be deemed given only when actually received.

19. REPRODUCTION OF DOCUMENTS.

This Agreement and all documents relating thereto, including, without limitation, (a) consents, waivers and modifications that may hereafter be executed, (b) documents received

by you at the Closing (except the Notes themselves), and (c) financial statements, certificates and other information previously or hereafter furnished to you, may be reproduced by you by any photographic, photostatic, microfilm, microcard, miniature photographic or other similar process and you may destroy any original document so reproduced. The Obligors agree and stipulate that, to the extent permitted by applicable law, any such reproduction shall be admissible in evidence as the original itself in any judicial or administrative proceeding (whether or not the original is in existence and whether or not such reproduction was made by you in the regular course of business) and any enlargement, facsimile or further reproduction of such reproduction shall likewise be admissible in evidence. This Section 19 shall not prohibit the Obligors or any other holder of Notes from contesting any such reproduction to the same extent that it could contest the original, or from introducing evidence to demonstrate the inaccuracy of any such reproduction.

20. CONFIDENTIAL INFORMATION.

For the purposes of this Section 20, “Confidential Information” means information delivered to you by or on behalf of any Obligor or any other Subsidiary in connection with the transactions contemplated by or otherwise pursuant to this Agreement that is proprietary in nature and that was clearly marked or labeled or otherwise adequately identified when received by you as being confidential information of such Obligor or such Subsidiary, provided that such term does not include information that (a) was publicly known or otherwise known to you prior to the time of such disclosure, (b) subsequently becomes publicly known through no act or omission by you or any person acting on your behalf, (c) otherwise becomes known to you other than through disclosure by any Obligor or any other Subsidiary or (d) constitutes financial statements delivered to you under Section 7.1 that are otherwise publicly available. You will maintain the confidentiality of such Confidential Information in accordance with procedures adopted by you in good faith to protect confidential information of third parties delivered to you, provided that you may deliver or disclose Confidential Information to (i) your directors, trustees, officers, employees, agents, attorneys and affiliates (to the extent such disclosure reasonably relates to the administration of the investment represented by your Notes), (ii) your financial advisors and other professional advisors who agree to hold confidential the Confidential Information substantially in accordance with the terms of this Section 20, (iii) any other holder of any Note, (iv) any Institutional Investor to which you sell or offer to sell such Note or any part thereof or any participation therein (if such Person has agreed in writing prior to its receipt of such Confidential Information to be bound by the provisions of this Section 20), (v) any Person from which you offer to purchase any security of any Obligor (if such Person has agreed in writing prior to its receipt of such Confidential Information to be bound by the provisions of this Section 20), (vi) any federal or state regulatory authority having jurisdiction over you, (vii) the National Association of Insurance Commissioners or any similar organization, or any nationally recognized rating agency that requires access to information about your investment portfolio or (viii) any other Person to which such delivery or disclosure may be necessary or appropriate (w) to effect compliance with any law, rule, regulation or order applicable to you, (x) in response to any subpoena or other legal process, (y) in connection with any litigation to which you are a party or (z) if an Event of Default has occurred and is continuing, to the extent you may reasonably determine such delivery and disclosure to be

necessary or appropriate in the enforcement or for the protection of the rights and remedies under your Notes and this Agreement. Each holder of a Note, by its acceptance of a Note, will be deemed to have agreed to be bound by and to be entitled to the benefits of this Section 20 as though it were a party to this Agreement. On reasonable request by the Obligors in connection with the delivery to any holder of a Note of information required to be delivered to such holder under this Agreement or requested by such holder (other than a holder that is a party to this Agreement or its nominee), such holder will enter into an agreement with the Obligors embodying the provisions of this Section 20.

Notwithstanding anything to the contrary set forth herein or in any other written or oral understanding or agreement to which the parties hereto are parties or by which they are bound, the parties acknowledge and agree that (i) any obligations of confidentiality contained herein and therein do not apply and have not applied from the commencement of discussions between the parties to the tax treatment and tax structure of the Notes (and any related transactions or arrangements), and (ii) each party (and each of its employees, representatives, or other agents) may disclose to any and all persons, without limitation of any kind, the tax treatment and tax structure of the Notes and all materials of any kind (including opinions or other tax analyses) that are provided to such party relating to such tax treatment and tax structure, all within the meaning of Treasury Regulations Section 1.6011-4.

21. SUBSTITUTION OF PURCHASER.

You shall have the right to substitute any one of your Affiliates as the purchaser of the Notes that you have agreed to purchase hereunder, by written notice to the Obligors, which notice shall be signed by both you and such Affiliate, shall contain such Affiliate's agreement to be bound by this Agreement and shall contain a confirmation by such Affiliate of the accuracy with respect to it of the representations set forth in Section 6. Upon receipt of such notice, wherever the word "you" is used in this Agreement (other than in this Section 21), such word shall be deemed to refer to such Affiliate in lieu of you. In the event that such Affiliate is so substituted as a purchaser hereunder and such Affiliate thereafter transfers to you all of the Notes then held by such Affiliate, upon receipt by the Company of notice of such transfer, wherever the word "you" is used in this Agreement (other than in this Section 21), such word shall no longer be deemed to refer to such Affiliate, but shall refer to you, and you shall have all the rights of an original holder of the Notes under this Agreement.

22. RELEASE OF OBLIGOR OR SUBSIDIARY GUARANTOR.

(a) Release Due to Asset Disposition. Each holder of a Note fully releases and discharges, immediately and without any further act, any Obligor, other than the Company, from its obligations under this Agreement and the Notes, or any Subsidiary Guarantor from the Subsidiary Guaranty, if such Obligor or Subsidiary Guarantor ceases to be a Subsidiary as a result of an Asset Disposition permitted by Section 10.7, provided that, at the time of such release and discharge, the Company delivers to each holder of Notes a certificate of a Responsible Officer certifying that such Obligor or Subsidiary Guarantor is being so released pursuant to this Section 22(a) and setting forth the facts and calculations necessary to establish compliance with Section 10.7.

(b) Release Due to Release Under Loan Agreements. Each holder of a Note fully releases and discharges, immediately and without any further act, any Obligor, other than the Company, from its obligations under this Agreement and the Notes, or any Subsidiary Guarantor from the Subsidiary Guaranty at such time as the banks party to all Loan Agreements to which such Obligor or Subsidiary Guarantor is a party release and discharge such Subsidiary Guarantor from any Guaranties thereunder or as a borrower thereunder; provided that,

(i) no Default or Event of Default exists or will exist immediately following such release and discharge of such Obligor or Subsidiary Guarantor;

(ii) if any fee or other consideration is paid or given to any holder of Debt under any Loan Agreement in connection with such release and discharge of an Obligor or Subsidiary Guarantor, other than the repayment of all or a portion of such Debt under any applicable Loan Agreement, each holder of a Note receives equivalent consideration on a pro rata basis; and

(iii) at the time of such release and discharge, the Company delivers to each holder of Notes a certificate of a Responsible Officer certifying (x) that such Obligor or Subsidiary Guarantor has been or is being released and discharged as guarantor or borrower under and in respect of all applicable Loan Agreements and (y) as to the matters set forth in clauses (i) and (ii).

23. MISCELLANEOUS.

23.1. Successors and Assigns.

All covenants and other agreements contained in this Agreement by or on behalf of any of the parties hereto bind and inure to the benefit of their respective successors and assigns (including, without limitation, any subsequent holder of a Note) whether so expressed or not.

23.2. Payments Due on Non-Business Days.

Anything in this Agreement or the Notes to the contrary notwithstanding (but without limiting the requirement in Section 8.2 that the Optional Prepayment Notice specify a Business Day as the date fixed for such prepayment), any payment of principal of or MakeWhole Amount or interest on any Note that is due on a date other than a Business Day shall be made on the next succeeding Business Day without including the additional days elapsed in the computation of the interest payable on such next succeeding Business Day; provided that if the maturity date of any Note is a date other than a Business Day, the payment otherwise due on such maturity date shall be made on the next succeeding Business Day and shall include the additional days elapsed in the computation of interest payable on such next succeeding Business Day.

23.3. Accounting Terms.

(a) All accounting terms used herein that are not expressly defined in this Agreement have the meanings respectively given to them in accordance with GAAP. Except as otherwise specifically provided herein, (i) all computations made pursuant to this Agreement shall be made in accordance with GAAP, and (ii) all financial statements shall be prepared in accordance with GAAP.

(b) For purposes of determining compliance with the financial covenants contained in this Agreement, any election by the Company to measure any financial liability using fair value (as permitted by Accounting Standard Codification Topic No. 825-10-25 – *Fair Value Option* or any similar accounting standard) shall be disregarded and such determination shall be made as if such election had not been made.

(c) Notwithstanding the foregoing, if the Company notifies the holders of Notes that, in the Company's reasonable opinion, or if the Required Holders notify the Company that, in the Required Holders' reasonable opinion, as a result of a change in GAAP after the date of this Agreement, any covenant contained in Sections 10.1 through 10.5 and Section 10.7, or any of the defined terms used therein no longer apply as intended such that such covenants are materially more or less restrictive to the Company than as at the date of this Agreement, the Company shall negotiate in good faith with the holders of Notes to make any necessary adjustments to such covenant or defined term to provide the holders of the Notes with substantially the same protection as such covenant provided prior to the relevant change in GAAP. Until the Company and the Required Holders so agree to reset, amend or establish alternative covenants or defined terms, (i) the covenants contained in Sections 10.1 through 10.5 and Section 10.7, together with the relevant defined terms, shall continue to apply and compliance therewith shall be determined on the basis of GAAP in effect at the date of this Agreement and (ii) each set of financial statements delivered to holders of Notes pursuant to Section 7.1(a) or (b) during such time shall include detailed reconciliations reasonably satisfactory to the Required Holders as to the effect of such change in GAAP.

23.4. Severability.

Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall (to the full extent permitted by law) not invalidate or render unenforceable such provision in any other jurisdiction.

23.5. Construction.

Each covenant contained herein shall be construed (absent express provision to the contrary) as being independent of each other covenant contained herein, so that compliance with any one covenant shall not (absent such an express contrary provision) be deemed to excuse compliance with any other covenant. Where any provision herein refers to action to be taken by any Person, or which such Person is prohibited from taking, such provision shall be applicable whether such action is taken directly or indirectly by such Person.

23.6. Counterparts.

This Agreement may be executed in any number of counterparts, each of which shall be an original but all of which together shall constitute one instrument. Each counterpart may consist of a number of copies hereof, each signed by less than all, but together signed by all, of the parties hereto.

23.7. Governing Law; Submission to Jurisdiction.

This Agreement shall be construed and enforced in accordance with, and the rights of the parties shall be governed by, the law of the State of New York excluding choiceoflaw principles of the law of such State that would require the application of the laws of a jurisdiction other than such State.

Each Obligor irrevocably submits to the jurisdiction of the courts of the State of New York and of the courts of the United States of America having jurisdiction in the State of New York for the purpose of any legal action or proceeding in any such court with respect to, or arising out of, this Agreement or the Notes. Each Obligor consents to process being served in any suit, action or proceeding by mailing a copy thereof by registered or certified mail, postage prepaid, return receipt requested, to the address of such Obligor specified in or designated pursuant to this Agreement. Each Obligor agrees that such service upon receipt (i) shall be deemed in every respect effective service of process upon it in any such suit, action or proceeding and (ii) shall, to the fullest extent permitted by law, be taken and held to be valid personal service upon and personal delivery to such Obligor.

Remainder of page intentionally left blank.

If you are in agreement with the foregoing, please sign the form of agreement on the accompanying counterpart of this Agreement and return it to the Company, whereupon the foregoing shall become a binding agreement between you and the Obligor.

Conformed copy of agreement does not contain signatures as signatories only sign individual amendments.

Conformed through Third Amendment, dated as of December 20, 2019

**AMENDED AND RESTATED CREDIT AGREEMENT
DATED AS OF JANUARY 27, 2017**

AMONG

**PATTERSON COMPANIES, INC.,
AS THE BORROWER**

THE LENDERS FROM TIME TO TIME PARTIES HERETO,

**MUFG BANK, LTD.,
(formerly known as THE BANK OF TOKYO-MITSUBISHI UFJ, LTD.),
AS ADMINISTRATIVE AGENT**

**BANK OF AMERICA, N.A.,
AS SYNDICATION AGENT**

AND

**JPMORGAN CHASE BANK, N.A.
U.S. BANK NATIONAL ASSOCIATION
WELLS FARGO BANK, NATIONAL ASSOCIATION
FIFTH THIRD BANK, NATIONAL ASSOCIATION**

AND

**ROYAL BANK OF CANADA,
AS CO-DOCUMENTATION AGENTS**

**MUFG BANK, LTD. (formerly known as THE BANK OF TOKYO-MITSUBISHI UFJ, LTD.),
MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED,
JPMORGAN CHASE BANK, N.A.
U.S. BANK NATIONAL ASSOCIATION
AND
WELLS FARGO SECURITIES LLC,
AS JOINT LEAD ARRANGERS AND JOINT BOOKRUNNING MANAGERS**

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AMENDED AND RESTATED CREDIT AGREEMENT

This Amended and Restated Credit Agreement, dated as of January 27, 2017 (as it may be amended, restated, supplemented or otherwise modified from time to time), is entered into by and among Patterson Companies, Inc., a Minnesota corporation, as the Borrower, the Lenders from time to time party hereto and MUFG Bank, Ltd., formerly known as The Bank of Tokyo-Mitsubishi UFJ, Ltd., as Administrative Agent.

PRELIMINARY STATEMENTS

WHEREAS, the Borrower, the lenders party thereto and MUFG Bank, Ltd., formerly known as The Bank of Tokyo-Mitsubishi UFJ, Ltd., as administrative agent thereunder, are currently party to the Credit Agreement, dated as of June 16, 2015 (as amended, supplemented or otherwise modified prior to the Closing Date, the “**Existing Credit Agreement**”);

WHEREAS, the Borrower, the Lenders party hereto, the Departing Lender (as defined below) and the Administrative Agent have (a) entered into this Agreement in order to (i) amend and restate the Existing Credit Agreement in its entirety; (ii) extend the applicable maturity date in respect of the existing revolving credit facility under the Existing Credit Agreement; (iii) re-evidence the “Term A-1 Loans” under, and as defined in, the Existing Credit Agreement and extend the applicable maturity date in respect thereof; (iv) re-evidence the “Obligations” under, and as defined in, the Existing Credit Agreement, which shall be repayable in accordance with the terms of this Agreement; and (v) set forth the terms and conditions under which the Lenders will, from time to time, make loans and extend other financial accommodations to or for the benefit of the Borrower and (b) agreed that the Departing Lender shall cease to be a party to the Existing Credit Agreement as evidenced by its execution and delivery of its Departing Lender Signature Page (as defined below);

WHEREAS, it is the intent of the parties hereto that this Agreement not constitute a novation of the obligations and liabilities of the parties under the Existing Credit Agreement or be deemed to evidence or constitute full repayment of such obligations and liabilities, but that this Agreement amend and restate in its entirety the Existing Credit Agreement and re-evidence the obligations and liabilities of the Borrower and its Subsidiaries outstanding thereunder, which shall be payable in accordance with the terms hereof; and

WHEREAS, it is also the intent of the Borrower to confirm that all obligations under the applicable “Loan Documents” (as referred to and defined in the Existing Credit Agreement) shall continue in full force and effect as modified or restated by the Loan Documents (as referred to and defined herein) and that, from and after the Closing Date, all references to the “Credit Agreement” contained in any such existing “Loan Documents” shall be deemed to refer to this Agreement;

NOW, THEREFORE, in consideration of the premises and the mutual covenants contained herein, the parties hereto agree that the Existing Credit Agreement is hereby amended and restated as follows:

ARTICLE I

DEFINITIONS

1.1 *Certain Defined Terms*

. As used in this Agreement:

“**2011 Note Purchase Agreement**” means the Note Purchase Agreement, dated as of December 8, 2011, entered into by the Borrower and certain of its Subsidiaries with respect to their issuance and private placement of senior unsecured debt securities (the “**2011 Senior Notes**”), as such Note Purchase Agreement may be amended, modified or supplemented from time to time in a manner that is not materially adverse to the interests of the Lenders; *provided* that no such amendment, modification or supplement shall increase the aggregate outstanding principal amount of the 2008 Senior Notes in excess of the original face amount thereof (less any prepayments made in respect thereof).

“**2011 Senior Notes**” has the meaning set forth in the definition of “2011 Note Purchase Agreement”.

“**2015 Note Purchase Agreement**” means the Note Purchase Agreement, dated as of March 23, 2015, entered into by the Borrower and certain of its Subsidiaries with respect to their issuance and private placement of senior unsecured debt securities (the “**2015 Senior Notes**”), as such Note Purchase Agreement may be amended, modified or supplemented from time to time in a manner that is not materially adverse to the interests of the Lenders; *provided* that no such amendment, modification or supplement shall increase the aggregate outstanding principal amount of the 2015 Senior Notes in excess of the original face amount thereof (less any prepayments made in respect thereof).

“**2015 Senior Notes**” has the meaning set forth in the definition of “2015 Note Purchase Agreement”.

“**2018 Note Purchase Agreement**” means the Note Purchase Agreement, dated as of March 29, 2018, entered into by the Borrower and certain of its Subsidiaries with respect to their issuance and private placement of senior unsecured debt securities (the “**2018 Senior Notes**”), as such Note Purchase Agreement may be amended, modified or supplemented from time to time in a manner that is not materially adverse to the interests of the Lenders; *provided* that no such amendment, modification or supplement shall increase the aggregate outstanding principal amount of the 2018 Senior Notes in excess of the original face amount thereof (less any prepayments made in respect thereof).

“**2018 Senior Notes**” has the meaning set forth in the definition of “2018 Note Purchase Agreement”.

“**Accounting Changes**” has the meaning set forth in Section 9.8 hereof.

“**Accounts**” means the Borrower’s or a Subsidiary’s right to the payment of money from the sale, lease or other disposition of goods or other assets by the Borrower or a Subsidiary, a rendering of services by the Borrower or a Subsidiary, a loan by the Borrower or a Subsidiary, the overpayment of taxes or other liabilities of the Borrower, or otherwise, however such right to payment may be evidenced, together with all other rights and interests (including all liens and security interests) that the Borrower or Subsidiary may at any time have against any account debtor or other party obligated thereon or against any of the property of such account debtor or other party.

“**Acquisition**” means any transaction, or any series of related transactions, consummated on or after the Closing Date, by which the Borrower or any of its Subsidiaries (i) acquires any going concern business or all or substantially all of the assets of any Person, or division thereof, whether through purchase of assets, merger or otherwise or (ii) directly or indirectly acquires from one or more Persons (in one transaction or as the most recent transaction in a series of transactions) at least a majority (in number

of votes) of the securities of a corporation which have ordinary voting power for the election of directors (other than securities having such power only by reason of the happening of a contingency) or a majority (by percentage of voting power) of the outstanding ownership interests of a partnership or limited liability company of any Person.

“**Additional Term Advance**” means a borrowing hereunder consisting of Additional Term Loans (i) made by the applicable Additional Term Lenders on the same Borrowing Date or (ii) converted or continued by the applicable Additional Term Lenders on the same date of conversion or continuation, consisting, in either case, of the aggregate amount of the applicable Additional Term Loans of the same Type and, in the case of Eurocurrency Loans, for the same Interest Period.

“**Additional Term Commitment**” means, as to any Term Lender, its obligation to make an Advance consisting of Additional Term Loans.

“**Additional Term Lender**” means, at any time, a Lender that has an Additional Term Commitment or an Additional Term Loan at such time.

“**Additional Term Loans**” has the meaning set forth in Section 2.5.3.

“**Administrative Agent**” means MUFG Bank, Ltd., formerly known as The Bank of Tokyo-Mitsubishi UFJ, Ltd., including its branches and affiliates, in its capacity as contractual representative of the Lenders pursuant to Article X, and not in its individual capacity as a Lender, as Administrative Agent, and any successor Administrative Agent appointed pursuant to Article X.

“**Administrative Questionnaire**” means, with respect to any Lender, the administrative questionnaire delivered by such Lender to the Administrative Agent upon becoming a Lender hereunder, as such questionnaire may be updated from time to time by notice from such Lender to the Administrative Agent.

“**Advance**” means a Revolving Advance or a Term Advance, as the context may require.

“**Affected Lenders**” has the meaning set forth in Section 2.23.

“**Affiliate**” of any Person means any other Person directly or indirectly controlling, controlled by or under common control with such Person. A Person shall be deemed to control another Person if the controlling Person is the “beneficial owner” (as defined in Rule 13d-3 under the Securities Exchange Act of 1934, as amended) of 10% or more of any class of voting securities (or other ownership interests) of the controlled Person or possesses, directly or indirectly, the power to direct or cause the direction of the management or policies of the controlled Person, whether through ownership of voting securities, by contract or otherwise.

“**Aggregate Outstanding Revolving Credit Exposure**” means, at any time, the aggregate of the Outstanding Revolving Credit Exposure of all the Lenders.

“**Aggregate Revolving Loan Commitment**” means the aggregate of the Revolving Loan Commitments of all the Lenders, as may be increased or reduced from time to time pursuant to the terms hereof. The Aggregate Revolving Loan Commitment on the Amendment No. 3 Effective Date is Five Hundred Million and 00/100 Dollars (\$500,000,000).

“**Agreed Currencies**” means:

(a) in the case of Term Advances, Dollars; and

(b) in the case of Revolving Advances, (i) Dollars, (ii) euro, (iii) Pounds Sterling and (iv) any other currency (x) that is a lawful currency (other than Dollars) that is readily available and freely transferable and convertible into Dollars, (y) for which a LIBOR Screen Rate is available in the Administrative Agent's determination and (z) that is agreed to by the Administrative Agent and each of the Lenders.

“**Agreement**” means this Amended and Restated Credit Agreement, as it may be amended, restated, supplemented or otherwise modified and as in effect from time to time.

“**Agreement Accounting Principles**” means generally accepted accounting principles as in effect in the United States from time to time, applied in a manner consistent with that used in preparing the financial statements of the Borrower referred to in Section 5.4.

“**Alternate Base Rate**” means, for any day, a rate per annum equal to the greatest of (a) the Prime Rate in effect on such day, (b) the Federal Funds Effective Rate in effect on such day plus ½ of 1% and (c) the Eurocurrency Rate for a one month Interest Period in Dollars on such day (or if such day is not a Business Day, the immediately preceding Business Day) plus 1%; *provided* that the Eurocurrency Rate for any day shall be based on the Eurocurrency Rate at approximately 11:00 a.m. London time on such day, subject to the interest rate floors set forth therein. Any change in the Alternate Base Rate due to a change in the Prime Rate, the Federal Funds Effective Rate or the Eurocurrency Rate shall be effective from and including the effective date of such change in the Prime Rate, the Federal Funds Effective Rate or the Eurocurrency Rate, respectively. If the Alternate Base Rate as so determined would be less than one percent (1%) per annum, such rate shall be deemed to be one percent (1%) per annum for purposes of this Agreement.

“**Amendment No. 2 Effective Date**” means November 30, 2018.

“**Amendment No. 3 Effective Date**” means December 20, 2019.

“**Animal Health**” means Animal Health International, Inc., a Colorado corporation.

“**Annual Financial Statements**” means audited consolidated balance sheets and related consolidated statements of income and comprehensive income, changes in stockholders' equity and cash flows of the Borrower for the fiscal years ending April 30, 2016, April 15, 2015 and April 26, 2014, in each case prepared in accordance with generally accepted accounting principles in the United States and accompanied by an unqualified report thereon by their respective independent registered public accountants.

“**Anti-Corruption Laws**” means all laws, rule and regulations of any jurisdiction applicable to the Borrower or its Affiliates from time to time concerning or relating to bribery, corruption or money laundering.

“**Applicable Fee Rate**” means, with respect to the Commitment Fee, a percentage per annum equal to:

(a) until delivery of financial statements pursuant to Section 6.1.2 for the first fiscal quarter ending after the Closing Date, 0.25% per annum; and

(b) thereafter, the percentage rate per annum which is applicable at such time with respect to such fee as set forth in the Pricing Schedule.

“**Applicable Margin**” means a percentage per annum equal to:

(a) until delivery of financial statements pursuant to Section 6.1.2 for the first fiscal quarter ending after the Closing Date, 1.50% per annum in the case of Eurocurrency Advances and 0.50% per annum in the case of Floating Rate Advances; and

(b) thereafter, with respect to Advances of any Type at any time, the percentage rate per annum which is applicable at such time with respect to Advances of such Type as set forth in the Pricing Schedule.

“**Approved Fund**” means any Fund that is administered or managed by (i) a Lender, (ii) an Affiliate of a Lender or (iii) an entity or an Affiliate of an entity that administers or manages a Lender.

“**Approximate Equivalent Amount**” of any currency with respect to any amount of Dollars shall mean the Equivalent Amount of such currency with respect to such amount of Dollars on or as of such date, rounded up to the nearest amount of such currency as determined by the Administrative Agent from time to time.

“**Arrangers**” means MUFG Bank, Ltd., formerly known as The Bank of Tokyo-Mitsubishi UFJ, Ltd. and Merrill Lynch, Pierce, Fenner & Smith Incorporated, JPMorgan Chase Bank, N.A., U.S. Bank National Association and Wells Fargo Securities LLC and their respective successors, in their capacities as joint lead arrangers and joint bookrunners for the loan transaction evidenced by this Agreement, individually or collectively, as the context requires.

“**Article**” means an article of this Agreement unless another document is specifically referenced.

“**Asset Sale**” means any lease, sale, transfer or other disposition of Property.

“**Assignment Agreement**” has the meaning set forth in Section 12.3.1.

“**Authorized Officer**” means, for any Person, any of the chief executive officer, president, chief operating officer, chief financial officer, treasurer or assistant treasurer of such Person, acting singly.

“**Available Aggregate Revolving Loan Commitment**” means, at any time, the Aggregate Revolving Loan Commitment then in effect *minus* the Aggregate Outstanding Revolving Credit Exposure at such time.

“**Bail-In Action**” means the exercise of any Write-Down and Conversion Powers by the applicable EEA Resolution Authority in respect of any liability of an EEA Financial Institution.

“**Bail-In Legislation**” means, with respect to any EEA Member Country implementing Article 55 of Directive 2014/59/EU of the European Parliament and of the Council of the European Union, the implementing law for such EEA Member Country from time to time which is described in the EU Bail-In Legislation Schedule.

“**Banking Services**” means each and any of the following bank services provided to the Borrower or any Subsidiary by any Lender or any of its Affiliates: (i) credit cards for commercial customers

(including, without limitation, commercial credit cards and purchasing cards), (ii) stored value cards and (iii) treasury management services (including, without limitation, controlled disbursement, automated clearinghouse transactions, return items, overdrafts and interstate depository network services).

“**Banking Services Agreement**” means any agreement entered into by the Borrower or any Subsidiary in connection with Banking Services.

“**Banking Services Obligations**” of a Person means any and all obligations of such Person, whether absolute or contingent and howsoever and whensoever created, arising, evidenced or acquired (including all renewals, extensions and modifications thereof and substitutions therefor), under any and all Banking Services Agreements.

“**Bankruptcy Event**” means, with respect to any Person, such Person becomes the subject of a bankruptcy or insolvency proceeding, or has had a receiver, conservator, trustee, administrator, custodian, assignee for the benefit of creditors or similar Person charged with the reorganization or liquidation of its business appointed for it (including the Federal Deposit Insurance Corporation or any other state or federal regulatory authority acting in such a capacity), or, in the good faith determination of the Administrative Agent, has taken any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any such proceeding or appointment, *provided* that a Bankruptcy Event shall not result solely by virtue of any ownership interest, or the acquisition of any ownership interest, in such Person by a Governmental Authority or instrumentality thereof, *provided, further*, that such ownership interest does not result in or provide such Person with immunity from the jurisdiction of courts within the United States or from the enforcement of judgments or writs of attachment on its assets or permit such Person (or such Governmental Authority or instrumentality) to reject, repudiate, disavow or disaffirm any contracts or agreements made by such Person.

“**Benchmark Replacement**” means, for any Agreed Currency, the sum of: (a) the alternate benchmark rate for such Agreed Currency (which, in the case of Dollars, may include Term SOFR) that has been selected by the Administrative Agent and the Borrower giving due consideration to (i) any selection or recommendation of a replacement rate or the mechanism for determining such a rate by the Relevant Governmental Body or (ii) any evolving or then-prevailing market convention for determining a rate of interest as a replacement to the Eurocurrency Reference Rate for syndicated credit facilities denominated in such Agreed Currency and (b) the Benchmark Replacement Adjustment; provided that, if the Benchmark Replacement as so determined would be less than zero, the Benchmark Replacement will be deemed to be zero for the purposes of this Agreement.

“**Benchmark Replacement Adjustment**” means, with respect to any Agreed Currency, with respect to any replacement of the Eurocurrency Reference Rate with an Unadjusted Benchmark Replacement for each applicable Interest Period, the spread adjustment, or method for calculating or determining such spread adjustment, (which may be a positive or negative value or zero) that has been selected by the Administrative Agent and the Borrower giving due consideration to (i) any selection or recommendation of a spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of the Eurocurrency Reference Rate for such Agreed Currency with the applicable Unadjusted Benchmark Replacement by the Relevant Governmental Body or (ii) any evolving or then-prevailing market convention for determining a spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of the Eurocurrency Reference Rate for such Agreed Currency with the applicable Unadjusted Benchmark Replacement for syndicated credit facilities denominated in such Agreed Currency at such time.

“Benchmark Replacement Conforming Changes” means, with respect to any Benchmark Replacement, any technical, administrative or operational changes (including changes to the definition of “Alternate Base Rate,” the definition of “Interest Period,” timing and frequency of determining rates and making payments of interest and other administrative matters) that the Administrative Agent decides may be appropriate to reflect the adoption and implementation of such Benchmark Replacement and to permit the administration thereof by the Administrative Agent in a manner substantially consistent with market practice (or, if the Administrative Agent decides that adoption of any portion of such market practice is not administratively feasible or if the Administrative Agent determines that no market practice for the administration of the Benchmark Replacement exists, in such other manner of administration as the Administrative Agent decides is reasonably necessary in connection with the administration of this Agreement).

“Benchmark Replacement Date” means the earlier to occur of the following events with respect to the Eurocurrency Reference Rate for any Agreed Currency:

- (1) in the case of clause (1) or (2) of the definition of “Benchmark Transition Event,” the later of (a) the date of the public statement or publication of information referenced therein and (b) the date on which the administrator of the Eurocurrency Reference Rate for such Agreed Currency permanently or indefinitely ceases to provide such Eurocurrency Reference Rate; and
- (2) in the case of clause (3) of the definition of “Benchmark Transition Event,” the date of the public statement or publication of information referenced therein.

“Benchmark Transition Event” means the occurrence of one or more of the following events with respect to the Eurocurrency Reference Rate for any Agreed Currency:

- (1) a public statement or publication of information by or on behalf of the administrator of the Eurocurrency Reference Rate for such Agreed Currency announcing that such administrator has ceased or will cease to provide such Eurocurrency Reference Rate, permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide such Eurocurrency Reference Rate;
- (2) a public statement or publication of information by the regulatory supervisor for the administrator of such Eurocurrency Reference Rate, the U.S. Federal Reserve System, an insolvency official with jurisdiction over the administrator for such Eurocurrency Reference Rate, a resolution authority with jurisdiction over the administrator for such Eurocurrency Reference Rate or a court or an entity with similar insolvency or resolution authority over the administrator for such Eurocurrency Reference Rate, which states that the administrator of such Eurocurrency Reference Rate has ceased or will cease to provide such Eurocurrency Reference Rate permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide such Eurocurrency Reference Rate; or
- (3) a public statement or publication of information by the regulatory supervisor for the administrator of such Eurocurrency Reference Rate announcing that such Eurocurrency Reference Rate is no longer representative.

“**Benchmark Transition Start Date**” means, with respect to any Agreed Currency, (a) in the case of a Benchmark Transition Event, the earlier of (i) the applicable Benchmark Replacement Date and (ii) if such Benchmark Transition Event is a public statement or publication of information of a prospective event, the 90th day prior to the expected date of such event as of such public statement or publication of information (or if the expected date of such prospective event is fewer than 90 days after such statement or publication, the date of such statement or publication) and (b) in the case of an Early Opt-in Election, the date specified by the Administrative Agent or the Required Lenders, as applicable, by notice to the Borrower, the Administrative Agent (in the case of such notice by the Required Lenders) and the Lenders.

“**Benchmark Unavailability Period**” means, if a Benchmark Transition Event and its related Benchmark Replacement Date have occurred with respect to the Eurocurrency Reference Rate for any Agreed Currency and solely to the extent that such Eurocurrency Reference Rate has not been replaced with a Benchmark Replacement, the period (x) beginning at the time that such Benchmark Replacement Date has occurred if, at such time, no Benchmark Replacement has replaced such Eurocurrency Reference Rate for all purposes hereunder in accordance with Section 3.3 and (y) ending at the time that a Benchmark Replacement has replaced such Eurocurrency Reference Rate for all purposes hereunder pursuant to Section 3.3.

“**Beneficial Ownership Certification**” means a certification regarding beneficial ownership or control as required by the Beneficial Ownership Regulation.

“**Beneficial Ownership Regulation**” means 31 C.F.R. § 1010.230.

“**Benefit Plan**” means any of (a) an “employee benefit plan” (as defined in Section 3(3) of ERISA) that is subject to Title I of ERISA, (b) a “plan” as defined in Section 4975 of the Code to which Section 4975 of the Code applies, and (c) any Person whose assets include (for purposes of the Plan Asset Regulations or otherwise for purposes of Title I of ERISA or Section 4975 of the Code) the assets of any such “employee benefit plan” or “plan”.

“**BHC Act Affiliate**” of a party means an “affiliate” (as such term is defined under, and interpreted in accordance with, 12 U.S.C. 1841(k)) of such party.

“**Borrower**” means Patterson Companies, Inc., a Minnesota corporation.

“**Borrowing Date**” means the date on which an Advance is made hereunder.

“**Borrowing Notice**” has the meaning set forth in Section 2.8.

“**BTMU**” means MUFG Bank, Ltd., formerly known as The Bank of Tokyo-Mitsubishi UFJ, Ltd., in its individual capacity, and its successors.

“**Business Day**” means any day that is not a Saturday, Sunday or other day on which commercial banks in New York City are authorized or required by law to remain closed; *provided* that, when used in connection with a Eurocurrency Loan, the term “Business Day” shall also exclude any day on which banks are not open for dealings in the relevant Agreed Currency in the London interbank market or the principal financial center of such Agreed Currency (and, if the Obligations which are the subject of a borrowing, drawing, payment, reimbursement or rate selection are denominated in euro, the term

“Business Day” shall also exclude any day on which the TARGET2 payment system is not open for the settlement of payments in euro).

“**Capitalized Lease**” of a Person means any lease of Property by such Person as lessee which would be capitalized on a balance sheet of such Person prepared in accordance with Agreement Accounting Principles; provided, that in the event of an Accounting Change requiring all leases by such Person as lessee to be capitalized on a balance sheet of such Person, the term “Capitalized Lease” shall be deemed to mean only any lease constituting a “Finance Lease” as such term is defined in the Agreement Accounting Principles, and all calculations and deliverables under this Agreement or any other Loan Document shall be made or delivered, as applicable, in accordance therewith.

“**Capitalized Lease Obligations**” of a Person means the amount of the obligations of such Person under Capitalized Leases which would be shown as a liability on a balance sheet of such Person prepared in accordance with Agreement Accounting Principles.

“**Capital Stock**” means (a) in the case of a corporation, capital stock, (b) in the case of a partnership, partnership interests (whether general or limited) (c) in the case of a limited liability company, membership interests and (d) any other interest or participation in a Person that confers on the holder the right to receive a share of the profits and losses of, or distributions of assets of, such Person.

“**Cash Equivalent Investments**” means (i) short-term obligations of, or fully guaranteed by, the United States of America, (ii) commercial paper rated A1 or better by S&P or P-1 or better by Moody’s, (iii) demand deposit accounts maintained in the ordinary course of business, (iv) certificates of deposit issued by and time deposits with commercial banks (whether domestic or foreign) having capital and surplus in excess of \$100,000,000, and (v) money market funds investing primarily in assets of the type described in clauses (i) and (ii) of this definition; *provided* in each case that the same provides for payment of both principal and interest (and not principal alone or interest alone) and is not subject to any contingency regarding the payment of principal or interest.

“**Change in Capital Adequacy Regulations**” has the meaning set forth in Section 3.2.

“**Change in Control**” means (i) the acquisition by any Person, or two or more Persons acting in concert, of beneficial ownership (within the meaning of Rule 13d-3 of the SEC under the Securities Exchange Act of 1934, as amended) of 30% or more of the outstanding shares of voting stock of the Borrower; (ii) other than pursuant to a transaction otherwise permitted under this Agreement, the Borrower shall cease to own, directly or indirectly and free and clear of all Liens or other encumbrances, all of the outstanding shares of voting stock of the Guarantors on a fully diluted basis; (iii) the majority of the Board of Directors of the Borrower fails to consist of Continuing Directors or (iv) any “**Change in Control**” (or similar term) under (and as defined in) the Existing Loan Agreement, the 2015 Note Purchase Agreement, the 2015 Senior Notes, the 2011 Note Purchase Agreement, the 2011 Senior Notes, the 2018 Note Purchase Agreement or the 2018 Senior Notes or the documentation governing any other Indebtedness that constitutes a Permitted Refinancing of any of the foregoing.

“**Change in Law**” means the occurrence, after the date of this Agreement (or with respect to any Lender, if later, the date on which such Lender becomes a Lender), of any of the following: (i) the adoption or taking effect of any law, rule, regulation or treaty, (ii) any change in any law, rule, regulation or treaty or in the administration, interpretation, implementation or application thereof by any Governmental Authority, or (iii) the making or issuance of any request, rules, guideline, requirement or directive (whether or not having the force of law) by any Governmental Authority; *provided, however*,

that notwithstanding anything herein to the contrary, (a) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines, requirements and directives thereunder, issued in connection therewith or in implementation thereof, and (b) all requests, rules, guidelines, requirements and directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities, in each case pursuant to Basel III, shall in each case be deemed to a “Change in Law” regardless of the date enacted, adopted, issued or implemented.

“**Class**” (a) when used with respect to Lenders, refers to whether such Lenders are Initial Term Lenders, Additional Term Lenders or Revolving Lenders, (b) when used with respect to Commitments, refers to whether such Commitments are Initial Term Commitments, Additional Term Commitments or Revolving Loan Commitments and (c) when used with respect to Loans or an Advance, refers to whether such Loans, or the Loans comprising such Advance, are Initial Term Loans, Additional Term Loans or Revolving Loans.

“**Closing Date**” means the date on which the conditions precedent set forth in Section 4.1 are satisfied or duly waived, which date is January 27, 2017.

“**Code**” means the Internal Revenue Code of 1986, as amended, reformed or otherwise modified from time to time, and any rule or regulation issued thereunder.

“**Collateral Shortfall Amount**” has the meaning set forth in Section 8.1.

“**Commitment**” means an Initial Term Commitment, an Additional Term Commitment or a Revolving Loan Commitment, as the context may require.

“**Commitment Fee**” has the meaning set forth in Section 2.5.1.

“**Commitment Schedule**” means the Schedule identifying each Lender’s outstanding Initial Term Loan and/or Revolving Loan Commitment, as applicable, as of the Closing Date attached hereto and identified as such.

“**Commodity Exchange Act**” means the Commodity Exchange Act (7 U.S.C. § 1 et seq.), as amended from time to time, and any successor statute.

“**Computation Date**” has the meaning set forth in Section 2.4.1.

“**Connection Income Taxes**” means Other Connection Taxes that are imposed on or measured by net income (however denominated) or that are franchise Taxes or branch profits Taxes.

“**Consolidated Adjusted EBITDA**” means, as to any Person for any period, the sum, without duplication, of (a) Consolidated EBIT for such period *plus* (b) consolidated depreciation and amortization for such period, *plus* (c) commencing with the calculations for the fiscal period ending January 31, 2019, for any period of calculation for which Consolidated Adjusted EBITDA of the Borrower is being calculated (x) inclusive of the fiscal quarter during which the Specified Litigation Settlement shall be paid in cash, extraordinary non-recurring cash expenses in an aggregate amount not to exceed \$30,000,000 during any four fiscal quarter period and (y) for any period after any period applicable under clause (x) and exclusive of the fiscal quarter during which the Specified Litigation Settlement shall be paid in cash, extraordinary non-recurring cash expenses in an aggregate amount not to exceed \$10,000,000 during any four fiscal quarter period, *plus* (d) inclusive of the fiscal quarter during which the Specified Animal

Health Settlement shall be paid in cash, non-recurring cash expenses attributable to the Specified Animal Health Settlement in an aggregate amount not to exceed \$58,300,000 during the term of this Agreement (which, for the avoidance of doubt, is in addition to the amount referenced in clause (c) of this definition); provided that the foregoing clause (d) shall be added back to Consolidated EBIT pursuant to this definition solely for purposes of determining compliance with the financial covenants set forth in Sections 6.20 and 6.21 (and not, for the avoidance of doubt, in connection with any other purpose under the Loan Documents, including, without limitation, any determination of the Applicable Margin or Applicable Fee Rate or any test, basket or other limitation or condition determined by reference to the Leverage Ratio or the Interest Expense Coverage Ratio). If, during the period for which Consolidated Adjusted EBITDA of the Borrower is being calculated, the Borrower or any Subsidiary has (i) acquired sufficient Capital Stock of a Person to cause such Person to become a Subsidiary; (ii) acquired all or substantially all of the assets or operations, division or line of business of a person; or (iii) disposed of one or more Subsidiaries (or disposed of all or substantially all of the assets or operations, division or line of business of a Subsidiary or other person), Consolidated Adjusted EBITDA shall be calculated after giving pro forma effect thereto as if all of such acquisitions and dispositions had occurred on the first day of such period. Consolidated Adjusted EBITDA will be calculated on a rolling four-quarter basis.

“Consolidated Adjusted Net Income” means, as to any Person for any period, the Consolidated Net Income of such Person; *provided* that if, during the period for which Consolidated Adjusted Net Income of the Borrower is being calculated, the Borrower or any Subsidiary has (i) acquired sufficient Capital Stock of a Person to cause such Person to become a Subsidiary; (ii) acquired all or substantially all of the assets or operations, division or line of business of a person; or (iii) disposed of one or more Subsidiaries (or disposed of all or substantially all of the assets or operations, division or line of business of a Subsidiary or other person), Consolidated Adjusted Net Income shall be calculated after giving pro forma effect thereto (using historical financial statements and containing reasonable adjustments satisfactory to the Administrative Agent) as if all of such acquisitions and dispositions had occurred on the first day of such period. Consolidated Adjusted Net Income will be calculated on a rolling fourquarter basis.

“Consolidated EBIT” means, as to any Person and with reference to any period, Consolidated Net Income plus, to the extent deducted from revenues in determining Consolidated Net Income, (i) Consolidated Interest Expense and (ii) expense for federal, state, local and foreign income and franchise taxes paid or accrued, all calculated for such Person and its Subsidiaries on a consolidated basis in accordance with Agreement Accounting Principles.

“Consolidated Interest Expense” means, as to any Person and with reference to any period, the consolidated interest expense of such Person and its Subsidiaries for such period (including capitalized lease interest and the interest component of Capitalized Leases), determined on a consolidated basis in accordance with Agreement Accounting Principles; provided that, notwithstanding the foregoing and solely for the purposes of determining compliance with Section 6.20 and 6.21 (but not, for the avoidance of doubt, for any other purpose in this Agreement or any other Loan Document, including, without limitation, any determination of the Applicable Margin or the Applicable Fee Rate or compliance with any basket, cap, threshold or pro forma compliance test based on the Interest Coverage Ratio, the Leverage Ratio or the financial covenants set forth in Section 6.20 or 6.21), Consolidated Interest Expense for any period shall include any make-whole amount or other prepayment premium paid by the Borrower and its Subsidiaries in connection with any prepayment or repayment of any Senior Note or any other obligations under any Note Purchase Agreement.

“Consolidated Net Income” means as to any Person and with reference to any period, the net income (or loss) of such Person and its Subsidiaries calculated on a consolidated basis in accordance with Agreement Accounting Principles for such period, excluding any non-cash charges, non-cash employee stock based expenses or gains which are unusual, non-recurring or extraordinary.

“Consolidated Total Assets” means, as of any date, the total assets of the Borrower and its Subsidiaries as of such date, determined on a consolidated basis in accordance with Agreement Accounting Principles.

“Consolidated Total Debt” means, as of any date, all Debt of the Borrower and its Subsidiaries on such date, determined on a consolidated basis in accordance with Agreement Accounting Principles.

“Consolidated Total Tangible Assets” means, as of any date, the total assets of the Borrower and its Subsidiaries as of such date, excluding any and all intangible assets, determined on a consolidated basis in accordance with Agreement Accounting Principles.

“Contingent Obligation” of a Person means any agreement, undertaking or arrangement by which such Person assumes, guarantees, endorses, contingently agrees to purchase or provide funds for the payment of, or otherwise becomes or is contingently liable upon, the obligation or liability of any other Person, or agrees to maintain the net worth or working capital or other financial condition of any other Person, or otherwise assures any creditor of such other Person against loss, including, without limitation, any comfort letter, operating agreement, take-or-pay contract, application for a letter of credit or the obligations of any such Person as general partner of a partnership with respect to the liabilities of the partnership. The amount of any Contingent Obligation shall be deemed to be an amount equal to the lesser of (a) an amount equal to the stated or determinable amount of the primary obligation in respect of which such Contingent Obligation is made and (b) the maximum amount for which such guaranteeing person may be liable pursuant to the terms of the instrument embodying such Contingent Obligation, unless such primary obligation and the maximum amount for which such guaranteeing person may be liable are not stated or determinable, in which case the amount of the Contingent Obligation shall be such guaranteeing person’s reasonably anticipated liability in respect thereof as determined by such Person in good faith.

“Continuing Director” means, with respect to any Person as of any date of determination, any member of the board of directors of such Person who (i) was a member of such board of directors on the Closing Date or (ii) was nominated for election or elected to such board of directors with the approval of the required majority of the Continuing Directors who were members of such board at the time of such nomination or election.

“Controlled Group” means all members of a controlled group of corporations or other business entities and all trades or businesses (whether or not incorporated) under common control which, together with the Borrower or any of its Subsidiaries, are treated as a single employer under Section 414 of the Code.

“Conversion/Continuation Notice” has the meaning set forth in Section 2.9.

“Covered Entity” means any of the following:

- (i) a “covered entity: as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 252.82(b);

(ii) a “covered bank” as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 47.3(b); or

(iii) a “covered FSI” as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 382.2(b).

“**Covered Party**” has the meaning assigned to it in Section 9.22.

“**Credit Extension**” means (x) the making of an Advance or (y) a Facility LC Credit Extension.

“**Credit Extension Date**” means the Borrowing Date for an Advance or the date of any Facility LC Credit Extension.

“**Credit Party**” means, collectively, the Borrower and each of the Guarantors.

“**Customer Installment Contract**” means a contract between the Borrower or any Subsidiary and a customer providing for the installment sale, licensing or secured financing of equipment, furnishings or computer software.

“**Debt**” with respect to any Person means, at any time, without duplication:

(a) its liabilities for borrowed money and its redemption obligations in respect of mandatorily redeemable preferred stock;

(b) its liabilities for the deferred purchase price of property acquired by such Person (excluding accounts payable and other accrued liabilities arising in the ordinary course of business but including all liabilities created or arising under any conditional sale or other title retention agreement with respect to any such property);

(c) all liabilities appearing on its balance sheet in respect of Capitalized Leases in accordance with generally accepted accounting principles in the United States;

(d) all liabilities for borrowed money secured by any Lien with respect to any property owned by such Person (whether or not it has assumed or otherwise become liable for such liabilities);

(e) all of its liabilities in respect of letters of credit or instruments serving a similar function issued or accepted for its account by banks and other financial institutions (whether or not representing obligations for borrowed money);

(f) Swaps of such Person;

(g) any recourse liability of such Person under or in connection with a Receivables Purchase Facility; and

(h) any Guarantee of such Person with respect to liabilities of a type described in any of clauses (a) through (g) hereof.

“**Debtor Relief Laws**” means the Bankruptcy Code of the United States and all other liquidation, conservatorship, bankruptcy, assignment for the benefit of creditors, moratorium, rearrangement,

receivership, insolvency, reorganization or similar debtor relief laws of the United States or other applicable jurisdictions from time to time in effect and affecting the rights of creditors generally.

“**Default**” means an event described in Article VII.

“**Default Right**” has the meaning assigned to that term in, and shall be interpreted in accordance with, 12 C.F.R. §§ 252.81, 47.2 or 382.1, as applicable.

“**Defaulting Lender**” means, subject to Section 2.26(d), any Lender that (a) has failed to (i) fund all or any portion of its Loans within two Business Days of the date such Loans were required to be funded hereunder unless such Lender notifies the Administrative Agent and the Borrower in writing that such failure is the result of such Lender’s determination that one or more conditions precedent to funding (each of which conditions precedent, together with any applicable default, shall be specifically identified in such writing) has not been satisfied, or (ii) pay to the Administrative Agent, any LC Issuer, any Swing Line Lender or any other Lender any other amount required to be paid by it hereunder (including in respect of its participation in Facility LCs or Swing Line Loans) within two Business Days of the date when due, (b) has notified the Borrower, the Administrative Agent or any LC Issuer or Swing Line Lender in writing that it does not intend to comply with its funding obligations hereunder, or has made a public statement to that effect (unless such writing or public statement relates to such Lender’s obligation to fund a Loan hereunder and states that such position is based on such Lender’s determination that a condition precedent to funding (which condition precedent, together with any applicable default, shall be specifically identified in such writing or public statement) cannot be satisfied), (c) has failed, within three Business Days after written request by the Administrative Agent or the Borrower, to confirm in writing to the Administrative Agent and the Borrower that it will comply with its prospective funding obligations hereunder (*provided* that such Lender shall cease to be a Defaulting Lender pursuant to this clause (c) upon receipt of such written confirmation by the Administrative Agent and the Borrower), or (d) has, or has a direct or indirect parent company that has become the subject of (i) a Bankruptcy Event or (ii) a Bail-In Action; *provided* that a Lender shall not be a Defaulting Lender solely by virtue of the ownership or acquisition of any equity interest in that Lender or any direct or indirect parent company thereof by a Governmental Authority so long as such ownership interest does not result in or provide such Lender with immunity from the jurisdiction of courts within the United States or from the enforcement of judgments or writs of attachment on its assets or permit such Lender (or such Governmental Authority) to reject, repudiate, disavow or disaffirm any contracts or agreements made with such Lender. Any determination by the Administrative Agent that a Lender is a Defaulting Lender under any one or more of clauses (a) through (d) above shall be conclusive and binding absent manifest error, and such Lender shall be deemed to be a Defaulting Lender (subject to Section 2.26(d)) upon delivery of written notice of such determination to the Borrower, each LC Issuer, each Swing Line Lender and each Lender.

“**Dental Holdings**” means Patterson Dental Holdings, Inc., a Minnesota corporation.

“**Departing Lender**” means Citizens Bank, N.A.

“**Departing Lender Signature Page**” means the signature page to this Agreement on which it is indicated that the Departing Lender executing the same shall cease to be a party to the Existing Credit Agreement on the Closing Date.

“**Designated Jurisdiction**” means any country, territory or region to the extent that such country, territory or region itself is the subject of any Sanctions.

“Designated Lender” means, with respect to each Designating Lender, each Eligible Designee designated by such Designating Lender pursuant to Section 12.1.2.

“Designating Lender” means, with respect to each Designated Lender, the Lender that designated such Designated Lender pursuant to Section 12.1.2.

“Designation Agreement” has the meaning set forth in Section 12.1.2.

“Disposition Value” means, at any time, with respect to any property:

(a) in the case of property that does not constitute Subsidiary Stock, the book value thereof, valued at the time of such disposition in good faith by the Borrower; and

(b) in the case of property that constitutes Subsidiary Stock, an amount equal to that percentage of book value of the assets of the Subsidiary that issued such stock as is equal to the percentage that the book value of such Subsidiary Stock represents of the book value of all of the outstanding capital stock of such Subsidiary (assuming, in making such calculations, that all securities convertible into such capital stock are so converted and giving full effect to all transactions that would occur or be required in connection with such conversion) determined at the time of the disposition thereof, in good faith by the Obligor.

“Disqualified Stock” means any preferred or other capital stock that, by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable), or upon the happening of any event, matures or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or redeemable at the option of the holder thereof, in whole or in part, on or prior to the date that is ninety-one (91) days after the Maturity Date.

“Dollar Amount” of any currency at any date shall mean (i) the amount of such currency if such currency is Dollars or (ii) the equivalent in such currency of Dollars if such currency is a Foreign Currency, calculated on the basis of the Exchange Rate for such currency, on or as of the most recent Computation Date provided for in Section 2.4.

“Dollar” and **“\$”** means the lawful currency of the United States of America.

“Domestic Subsidiary” means any Subsidiary of any Person that is not a Foreign Subsidiary.

“Early Opt-in Election” means, for any Agreed Currency, the occurrence of:

- (1) (i) a determination by the Administrative Agent or (ii) a notification by the Required Lenders to the Administrative Agent (with a copy to the Borrower) that the Required Lenders have determined that syndicated credit facilities denominated in such Agreed Currency being executed at such time, or that include language similar to that contained in Section 3.3 are being executed or amended, as applicable, to incorporate or adopt a new benchmark interest rate to replace the Eurocurrency Reference Rate for such Agreed Currency, and
- (2) (i) the election by the Administrative Agent or (ii) the election by the Required Lenders to declare that an Early Opt-in Election for such Agreed Currency has occurred and the provision, as applicable, by the Administrative Agent of written notice of such election to

the Borrower and the Lenders or by the Required Lenders of written notice of such election to the Administrative Agent.

“**ECP**” means an “eligible contract participant” as defined in Section 1(a)(18) of the Commodity Exchange Act or any regulations promulgated thereunder and the applicable rules issued by the Commodity Futures Trading Commission and/or the SEC.

“**EEA Financial Institution**” means (a) any credit institution or investment firm established in any EEA Member Country which is subject to the supervision of an EEA Resolution Authority, (b) any entity established in an EEA Member Country which is a parent of an institution described in clause (a) of this definition, or (c) any financial institution established in an EEA Member Country which is a subsidiary of an institution described in clauses (a) or (b) of this definition and is subject to consolidated supervision with its parent;

“**EEA Member Country**” means any of the member states of the European Union, Iceland, Liechtenstein, and Norway.

“**EEA Resolution Authority**” means any public administrative authority or any person entrusted with public administrative authority of any EEA Member Country (including any delegee) having responsibility for the resolution of any EEA Financial Institution.

“**Eligible Currency**” means any currency other than Dollars (i) that is readily available, (ii) that is freely traded, (iii) in which deposits are customarily offered to banks in the London interbank market, (iv) which is convertible into Dollars in the international interbank market and (v) as to which an Equivalent Amount may be readily calculated. If, after the designation by the Revolving Lenders of any Eligible Currency as an Agreed Currency, (x) currency control or other exchange regulations are imposed in the country in which such currency is issued with the result that different types of such currency are introduced, (y) such currency is, in the determination of the Administrative Agent, no longer readily available or freely traded or (z) in the determination of the Administrative Agent, an Equivalent Amount of such currency is not readily calculable, the Administrative Agent shall promptly notify the Lenders and the Borrower, and such currency shall no longer be an Agreed Currency until such time as all of the Revolving Lenders agree to reinstate such currency as an Agreed Currency and promptly, but in any event within five Business Days of receipt of such notice from the Administrative Agent, the Borrower shall repay all Revolving Loans in such affected currency or convert such Revolving Loans into Revolving Loans in Dollars or another Agreed Currency, subject to the other terms set forth in Article II.

“**Eligible Designee**” means a special purpose corporation, partnership, trust, limited partnership or limited liability company that is administered by the respective Designating Lender or an Affiliate of such Designating Lender and (i) is organized under the laws of the United States of America or any state thereof, (ii) is engaged primarily in making, purchasing or otherwise investing in commercial loans in the ordinary course of its business and (iii) issues (or the parent of which issues) commercial paper rated at least A1 or the equivalent thereof by S&P or P-1 or the equivalent thereof by Moody’s; *provided that*, in no event shall any Ineligible Institution constitute an Eligible Designee.

“**Environmental Laws**” means any and all applicable federal, state, local and foreign statutes, laws (including common law), judicial decisions, regulations, ordinances, rules, judgments, orders, decrees, plans, injunctions, permits, concessions, grants, franchises, licenses, agreements and other governmental restrictions or requirements relating to (i) the environment, (ii) the effect of the environment on human health or safety, (iii) emissions, discharges or releases of pollutants, contaminants,

hazardous substances or wastes into surface water, ground water or land, or (iv) the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of pollutants, contaminants, hazardous substances or wastes or the clean-up or other remediation thereof.

“**Equivalent Amount**” of any currency with respect to any amount of Dollars at any date shall mean the equivalent in such currency of such amount of Dollars, calculated on the basis of the Exchange Rate for such other currency at 11:00 a.m., London time, on the date on or as of which such amount is to be determined.

“**ERISA**” means the Employee Retirement Income Security Act of 1974, as amended from time to time, and any rules or regulations promulgated thereunder.

“**EU Bail-In Legislation Schedule**” means the EU Bail-In Legislation Schedule published by the Loan Market Association (or any successor person), as in effect from time to time.

“**euro**” means the euro referred to in Council Regulation (EC) No. 1103/97 dated June 17, 1997 passed by the Council of the European Union, or, if different, the then lawful currency of the member states of the European Union that participate in the third stage of Economic and Monetary Union.

“**Eurocurrency Advance**” means an Advance which, except as otherwise provided in Section 2.12, bears interest at the applicable Eurocurrency Rate.

“**Eurocurrency Loan**” means a Loan which, except as otherwise provided in Section 2.12, bears interest at the applicable Eurocurrency Rate.

“**Eurocurrency Payment Office**” of the Administrative Agent shall mean, for each of the Agreed Currencies, the office, branch, affiliate or correspondent bank of the Administrative Agent specified as the “Eurocurrency Payment Office” for such currency in Schedule 1.1.1 hereto or such other office, branch, affiliate or correspondent bank of the Administrative Agent as it may from time to time specify to the Borrower and each Lender as its Eurocurrency Payment Office.

“**Eurocurrency Rate**” means, with respect to a Eurocurrency Advance for the relevant Interest Period, the sum of (i) the result of (a) the Eurocurrency Reference Rate applicable to such Interest Period, divided by (b) one minus the Reserve Requirement (expressed as a decimal) applicable to such Interest Period, if any, multiplied by (c) the Statutory Reserve Rate, plus, without duplication, (ii) the then Applicable Margin, changing as and when the Applicable Margin changes.

“**Eurocurrency Reference Rate**” means, with respect to any Eurocurrency Advance denominated in any Agreed Currency and for any applicable Interest Period, the London interbank offered rate as administered by ICE Benchmark Administration (or any other Person that takes over the administration of such rate) for such Agreed Currency for a period equal in length to such Interest Period as displayed on pages LIBOR01 or LIBOR02 of the Reuters screen or, in the event such rate does not appear on either of such Reuters pages, on any successor or substitute page on such screen that displays such rate, or on the appropriate page of such other information service that publishes such rate as shall be selected by the Administrative Agent from time to time in its reasonable discretion (in each case, the “**LIBOR Screen Rate**”) at approximately 11:00 a.m., London time, on the Quotation Day for such Agreed Currency and Interest Period; *provided* that, if the LIBOR Screen Rate shall be less than zero, such rate shall be deemed to be zero for the purposes of this Agreement; *provided, further*, that if a LIBOR Screen Rate shall not be available at such time for such Interest Period (the “**Impacted Interest Period**”), then the Eurocurrency Reference Rate for such Agreed Currency and such Interest Period shall

be the Interpolated Rate; *provided* that, if any Interpolated Rate shall be less than zero, such rate shall be deemed to be zero for the purposes of this Agreement. It is understood and agreed that all of the terms and conditions of this definition of “Eurocurrency Reference Rate” shall be subject to Section 3.3.

“**Exchange Rate**” means, on any day, with respect to any Foreign Currency, the rate at which such Foreign Currency may be exchanged into Dollars, as set forth at approximately 11:00 a.m. (Local Time) on such date on the Reuters World Currency Page for such Foreign Currency. In the event that such rate does not appear on any Reuters World Currency Page, the Exchange Rate with respect to such Foreign Currency shall be determined by reference to such other publicly available service for displaying exchange rates as may be reasonably selected by the Administrative Agent or, in the event no such service is selected, such Exchange Rate shall instead be calculated on the basis of the arithmetical mean of the buy and sell spot rates of exchange of the Administrative Agent for such Foreign Currency on the London market at 11:00 a.m. (Local Time) on such date for the purchase of Dollars with such Foreign Currency, for delivery two Business Days later; *provided* that if at the time of any such determination, for any reason, no such spot rate is being quoted, the Administrative Agent, after consultation with the Borrower, may use any reasonable method it deems appropriate to determine such rate, and such determination shall be conclusive absent manifest error.

“**Excluded Swap Obligation**” means, with respect to any Credit Party, any Specified Swap Obligation if, and to the extent that, all or a portion of the Guarantee of such Credit Party of, or the grant by such Credit Party of a security interest to secure, such Specified Swap Obligation (or any Guarantee thereof) is or becomes illegal under the Commodity Exchange Act or any rule, regulation or order of the Commodity Futures Trading Commission (or the application or official interpretation of any thereof) by virtue of such Credit Party’s failure for any reason to constitute an ECP at the time the Guarantee of such Credit Party or the grant of such security interest becomes effective with respect to such Specified Swap Obligation. If a Specified Swap Obligation arises under a master agreement governing more than one swap, such exclusion shall apply only to the portion of such Specified Swap Obligation that is attributable to swaps for which such Guarantee or security interest is or becomes illegal.

“**Excluded Taxes**” means any of the following Taxes imposed on or with respect to any Recipient or required to be withheld or deducted from a payment to a Recipient, (a) Taxes imposed on or measured by net income (however denominated), franchise Taxes, and branch profits Taxes, in each case, (i) imposed as a result of such Recipient being organized under the laws of, or having its principal office or, in the case of any Lender, its Lending Office located in, the jurisdiction imposing such Tax (or any political subdivision thereof) or (ii) that are Other Connection Taxes, (b) in the case of a Lender, U.S. federal withholding Taxes imposed on amounts payable to or for the account of such Lender with respect to an applicable interest in a Loan or Commitment pursuant to a law in effect on the date on which (i) such Lender acquires such interest in the Loan or Commitment (other than pursuant to an assignment request by the Borrower under Section 2.23) or (ii) such Lender changes its Lending Office, except in each case to the extent that, pursuant to Section 3.5(a)(ii) or (iii), amounts with respect to such Taxes were payable either to such Lender’s assignor immediately before such Lender became a party hereto or to such Lender immediately before it changed its Lending Office, (c) Taxes attributable to such Recipient’s failure to comply with Section 3.5(e) and (d) any U.S. federal withholding Taxes imposed pursuant to FATCA.

“**Exhibit**” refers to an exhibit to this Agreement, unless another document is specifically referenced.

“**Existing Credit Agreement**” has the meaning assigned thereto in the Preliminary Statements of this Agreement.

“**Existing Facility LCs**” means those Letters of Credit issued and outstanding as of the Closing Date and set forth on Schedule 1.1.2.

“**Existing Loan Agreement**” means the Loan Agreement, dated as of December 20, 2019, among the Borrower, the Lenders from time to time party thereto and MUFG, as administrative agent, as amended, restated, supplemented or otherwise modified from time to time.

“**Existing Revolving Loans**” has the meaning set forth in Section 2.2.

“**Existing Swing Line Loans**” has the meaning set forth in Section 4.1(c)(vii).

“**Existing Term Loans**” has the meaning set forth in Section 2.1.

“**Facility**” means the Initial Term Loans, the Additional Term Loans, the Revolving Credit Facility, the Swing Line Commitment or the Facility LC Sublimit, as the context may require, and “**Facilities**” means all of the foregoing collectively.

“**Facility LC**” has the meaning set forth in Section 2.24.1 and shall include the Existing Facility LCs.

“**Facility LC Application**” has the meaning set forth in Section 2.24.3.

“**Facility LC Collateral Account**” has the meaning set forth in Section 2.24.11.

“**Facility LC Credit Extension**” means, with respect to any Facility LC, the issuance thereof or extension of the expiry date thereof, or the renewal or increase of the amount thereof.

“**Facility LC Sublimit**” means an amount the lesser of (a) \$50,000,000 and (b) the aggregate amount of the Revolving Loan Commitments. The Facility LC Sublimit is part of, and not in addition to, the Revolving Credit Facility.

“**FATCA**” means Sections 1471 through 1474 of the Code, as of the date of this Agreement (or any amended or successor version that is substantively comparable and not materially more onerous to comply with), any current or future regulations or official interpretations thereof and any agreements entered into pursuant to Section 1471(b)(1) of the Code.

“**Federal Funds Effective Rate**” means, for any day, the weighted average (rounded upwards, if necessary, to the next 1/100 of 1%) of the rates on overnight Federal funds transactions with members of the Federal Reserve System, as published on the next succeeding Business Day by the Federal Reserve Bank of New York, or, if such rate is not so published for any day that is a Business Day, the average (rounded upwards, if necessary, to the next 1/100 of 1%) of the quotations for such day for such transactions received by the Administrative Agent from three Federal funds brokers of recognized standing selected by it; *provided* that, if the Federal Funds Effective Rate shall be less than zero, such rate shall be deemed to be zero for purposes of this Agreement.

“**Federal Reserve Bank of New York’s Website**” means the website of the Federal Reserve Bank of New York at <http://www.newyorkfed.org>, or any successor source.

“**Fee Letters**” means, collectively, (a) that certain fee letter dated January 5, 2017, among BTMU and the Borrower and (b) that certain fee letter dated January 5, 2017, among Bank of America, N.A., Merrill Lynch, Pierce, Fenner & Smith Incorporated and the Borrower.

“**Financials**” means the annual or quarterly financial statements of the Borrower delivered pursuant to Section 6.1.1 or 6.1.2.

“**Floating Rate**” means, for any day, a rate per annum equal to the sum of (i) the Alternate Base Rate for such day, changing when and as the Alternate Base Rate changes plus (ii) the then Applicable Margin, changing as and when the Applicable Margin changes.

“**Floating Rate Advance**” means an Advance which, except as otherwise provided in Section 2.12, bears interest at the Floating Rate.

“**Floating Rate Loan**” means a Loan which, except as otherwise provided in Section 2.12, bears interest at the Floating Rate.

“**Foreign Currency**” means Agreed Currencies other than Dollars.

“**Foreign Currency Sublimit**” means \$250,000,000.

“**Foreign Lender**” means a Lender that is not a U.S. Person.

“**Foreign Subsidiary**” means (i) any Subsidiary that is not organized under the laws of a jurisdiction located in the United States of America and (ii) any Subsidiary of a Person described in clause (i) hereof that is organized under the laws of a jurisdiction located in the United States of America.

“**Foreign Subsidiary Investment**” means the sum, without duplication, of: (i) the aggregate outstanding principal amount of all intercompany loans made on or after the Closing Date from any Credit Party to any Foreign Subsidiary; (ii) all outstanding Investments made on or after the Closing Date by any Credit Party in any Foreign Subsidiary; and (iii) an amount equal to the net benefit derived by the Foreign Subsidiaries resulting from any non-arm’s-length transactions, or any other transfer of assets conducted, in each case entered into on or after the Closing Date, between any Credit Party, on the one hand, and such Foreign Subsidiaries, on the other hand, other than (a) transactions in the ordinary course of business and (b) in respect of legal, accounting, reporting, listing and similar administrative services provided by any Credit Party to any such Foreign Subsidiary in the ordinary course of business consistent with past practice.

“**Fund**” means any Person (other than a natural person) that is (or will be) engaged in making, purchasing, holding or otherwise investing in commercial loans and similar extensions of credit in the ordinary course of its business.

“**Governmental Authority**” means the government of the United States of America, any other nation or any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government (including any supra-national bodies such as the European Union or the European Central Bank) and any group or body charged with setting financial accounting or regulatory capital rules or standards (including, without limitation, the Financial Accounting Standards Board, the Bank for International

Settlements or the Basel Committee on Banking Supervision or any successor or similar authority to any of the foregoing).

“**Guarantor**” means each Person listed on the signature pages of the Guaranty under the caption “**Guarantors**” and each Subsidiary that shall, at any time after the date hereof, become a Guarantor in satisfaction of the provisions of Section 6.23.

“**Guarantee**” means with respect to any Person, any obligation (except the endorsement in the ordinary course of business of negotiable instruments for deposit or collection) of such Person guaranteeing or in effect guaranteeing any indebtedness, dividend or other obligation of any other Person in any manner, whether directly or indirectly, including (without limitation) obligations incurred through an agreement, contingent or otherwise, by such Person:

(a) to purchase such indebtedness or obligation or any property constituting security therefor;

(b) to advance or supply funds (i) for the purchase or payment of such indebtedness or obligation, or (ii) to maintain any working capital or other balance sheet condition or any income statement condition of any other Person or otherwise to advance or make available funds for the purchase or payment of such indebtedness or obligation;

(c) to lease properties or to purchase properties or services primarily for the purpose of assuring the owner of such indebtedness or obligation of the ability of any other Person to make payment of the indebtedness or obligation; or

(d) otherwise to assure the owner of such indebtedness or obligation against loss in respect thereof.

“**Guaranty**” means the Amended and Restated Guaranty, in substantially the form of Exhibit F, entered into by each Guarantor in favor of the Administrative Agent for the benefit of the Holders of Obligations, as the same may be amended, restated, supplemented or otherwise modified from time to time.

“**Holders of Obligations**” means the holders of the Obligations, the Rate Management Obligations and the Banking Services Obligations and shall refer to (i) each Lender in respect of its Loans, (ii) the LC Issuers in respect of Reimbursement Obligations, (iii) the Administrative Agent, the Lenders, the Swing Line Lender and the LC Issuers in respect of all other present and future obligations and liabilities of the Borrower or any of its Domestic Subsidiaries of every type and description arising under or in connection with this Agreement or any other Loan Document, (iv) each Person benefiting from indemnities made by the Borrower or any Subsidiary hereunder or under other Loan Documents in respect of the obligations and liabilities of the Borrower or such Subsidiary to such Person, (v) each Lender (or Affiliate thereof), in respect of all Rate Management Obligations owing to any Person in such Person’s capacity as exchange party or counterparty under any Rate Management Transaction so long as such Person is (or, at the time such Person entered into such Rate Management Transaction, was) a Lender or an Affiliate of a Lender, (vi) each Lender (or Affiliate thereof), in respect of all Banking Services Obligations owing to any Person in such Person’s capacity as provider of any Banking Services so long as such Person is (or, at the time such Person entered into such Banking Services Agreement, was) a Lender or an Affiliate of a Lender and (vii) their respective permitted successors, transferees and assigns.

“**Impacted Interest Period**” has the meaning assigned to such term in the definition of “Eurocurrency Reference Rate”.

“**Incremental Term Loans**” has the meaning set forth in Section 2.5.3.

“**Incremental Term Advance**” means any borrowing of Incremental Term Loans.

“**Indebtedness**” of a Person means, at any time, without duplication, such Person’s (i) obligations for borrowed money, (ii) obligations representing the deferred purchase price of Property or services (other than current accounts payable arising in the ordinary course of such Person’s business payable on terms customary in the trade), (iii) obligations, whether or not assumed, secured by Liens or payable out of the proceeds or production from Property now or hereafter owned or acquired by such Person, (iv) obligations which are evidenced by notes, bonds, debentures, acceptances, or other instruments, (v) obligations to purchase securities or other Property arising out of or in connection with the sale of the same or substantially similar securities or Property, (vi) Capitalized Lease Obligations, (vii) Contingent Obligations of such Person, (viii) reimbursement obligations under letters of credit, bankers’ acceptances, surety bonds and similar instruments (ix) Off-Balance Sheet Liabilities, (x) obligations under Sale and Leaseback Transactions, (xi) Net Mark-to-Market Exposure under Rate Management Transactions, (xii) Disqualified Stock, and (xiii) any other obligation for borrowed money or other financial accommodation which in accordance with Agreement Accounting Principles would be shown as a liability on the consolidated balance sheet of such Person.

“**Indemnification Letter**” means a written agreement pursuant to which the Borrower agrees to indemnify the Administrative Agent and the Lenders in accordance with Section 3.4 of this Agreement in the event any Eurocurrency Advance is not made on the Closing Date for any reason.

“**Indemnified Taxes**” means (a) Taxes, other than Excluded Taxes, imposed on or with respect to any payment made by or on account of any obligation of any Credit Party under any Loan Document and (b) to the extent not otherwise described in clause (a), Other Taxes.

“**Ineligible Institution**” means (a) a natural person, (b) a Defaulting Lender or its Parent, (c) the Borrower, any of its Subsidiaries or any of its Affiliates, or (d) a company, investment vehicle or trust for, or owned and operated for the primary benefit of, a natural person or relative(s) thereof.

“**Initial Term Advance**” means a borrowing hereunder consisting of the aggregate amount of the Initial Term Loans (i) made by the Initial Term Lenders on the same Borrowing Date or (ii) converted or continued by the Initial Term Lenders on the same date of conversion or continuation, consisting, in either case, of the aggregate amount of the Initial Term Loans of the same Type and, in the case of Eurocurrency Loans, for the same Interest Period.

“**Initial Term Commitment**” means, with respect to each Initial Term Lender, such Lender’s Pro Rata Share of the Initial Term Loans.

“**Initial Term Lender**” means, at any time, any Lender that holds an Initial Term Loan at such time.

“**Initial Term Loan**” means (x) a term loan made to the Borrower on the Original Closing Date in accordance with Section 2.1(a) of the Existing Credit Agreement or (y) an Incremental Term Loan. As of the Amendment No. 3 Effective Date, there are no Initial Term Loans outstanding.

“Interest Expense Coverage Ratio” means the ratio of Consolidated Adjusted EBITDA to Consolidated Interest Expense, in each case for the Borrower’s most recently completed four fiscal quarters and calculated for the Borrower and its Subsidiaries on a consolidated basis.

“Interest Period” means, with respect to a Eurocurrency Advance, a period of one week (solely in the case of Revolving Advances) or one, two, three or six months, or, to the extent agreed by each Lender of such Eurocurrency Advance, twelve months, commencing on a Business Day selected by the Borrower pursuant to this Agreement. Such Interest Period shall end on but exclude the day which corresponds numerically to such date one, two, three or six months, or, if applicable, twelve months, thereafter, *provided, however*, that if there is no such numerically corresponding day in such next, second, third, sixth or twelfth succeeding month, such Interest Period shall end on the last Business Day of such next, second, third, sixth or twelfth succeeding month. If an Interest Period would otherwise end on a day which is not a Business Day, such Interest Period shall end on the next succeeding Business Day, *provided, however*, that if said next succeeding Business Day falls in a new calendar month, such Interest Period shall end on the immediately preceding Business Day.

“Interpolated Rate” means, at any time, for any Interest Period, the rate per annum determined by the Administrative Agent (which determination shall be conclusive and binding absent manifest error) to be equal to the rate that results from interpolating on a linear basis between: (a) the LIBOR Screen Rate for the longest period (for which the LIBOR Screen Rate is available for the applicable currency) that is shorter than the Impacted Interest Period and (b) the LIBOR Screen Rate for the shortest period (for which the LIBOR Screen Rate is available for the applicable currency) that exceeds the Impacted Interest Period, in each case, at such time. When determining the rate for a period which is less than the shortest period for which the LIBOR Screen Rate is available, the LIBOR Screen Rate for purposes of paragraph (a) above shall be deemed to be the overnight screen rate where “overnight screen rate” means the overnight rate determined by the Administrative Agent from such service as the Administrative Agent may select.

“Investment” of a Person means: any loan, advance (other than commission, travel, relocation and similar advances to directors, officers and employees made in the ordinary course of business), extension of credit (other than accounts receivable arising in the ordinary course of business on terms customary in the trade) or contribution of capital by such Person; stocks, bonds, mutual funds, partnership interests, notes, debentures or other securities owned by such Person; any deposit accounts and certificates of deposit owned by such Person; and structured notes, derivative financial instruments and other similar instruments or contracts owned by such Person.

“IRS” means the United States Internal Revenue Service.

“Laws” means, collectively, all international, foreign, Federal, state and local statutes, treaties, rules, guidelines, regulations, ordinances, codes and administrative or judicial precedents or authorities, including the interpretation or administration thereof by any Governmental Authority charged with the enforcement, interpretation or administration thereof, and all applicable administrative orders, directed duties, requests, licenses, authorizations and permits of, and agreements with, any Governmental Authority, in each case whether or not having the force of law.

“LC Draft” means a draft drawn on an LC Issuer pursuant to a Facility LC.

“LC Fee” has the meaning set forth in Section 2.24.4.

“**LC Issuer**” means BTMU (or any Subsidiary or Affiliate of BTMU designated by BTMU) or any of the other Revolving Lenders that agrees to serve in such capacity, as applicable, in its respective capacity as issuer of Facility LCs hereunder.

“**LC Obligations**” means, at any time, the sum, without duplication, of (i) the aggregate undrawn amount under all Facility LCs outstanding at such time *plus* (ii) the aggregate unpaid amount at such time of all Reimbursement Obligations. The LC Obligations of any Revolving Lender at any time shall be its Pro Rata Share of the total LC Obligations at such time.

“**LC Payment Date**” has the meaning set forth in Section 2.24.5.

“**Lender Parties**” means the Administrative Agent, the LC Issuer, the Swing Line Lender or any other Lender.

“**Lenders**” means the lending institutions listed on the signature pages of this Agreement and their respective successors and assigns. Unless otherwise specified, the term “**Lenders**” includes the Swing Line Lender and the LC Issuers. For the avoidance of doubt, the term “**Lenders**” excludes the Departing Lender.

“**Lending Installation**” means, with respect to a Lender or the Administrative Agent, the office, branch, subsidiary or affiliate of such Lender or the Administrative Agent with respect to each Agreed Currency listed on the signature pages hereof or on the administrative information sheets provided to the Administrative Agent in connection herewith or on a Schedule or otherwise selected by such Lender or the Administrative Agent pursuant to Section 2.19.

“**Letter of Credit**” of a Person means a letter of credit or similar instrument which is issued upon the application of such Person or upon which such Person is an account party or for which such Person is in any way liable.

“**Leverage Ratio**” means, at the end of any of the Borrower’s fiscal quarters, the ratio of (i) (a) Consolidated Total Debt as of the end of such fiscal quarter minus (b) unrestricted cash and Cash Equivalent Investments of the Borrower and its Subsidiaries at such time not in excess of \$200,000,000 to (ii) Consolidated Adjusted EBITDA for the four consecutive fiscal quarters then ended.

“**LIBOR Screen Rate**” has the meaning assigned to such term in the definition of “Eurocurrency Reference Rate”.

“**Lien**” means any lien (statutory or other), mortgage, pledge, hypothecation, assignment, deposit arrangement, encumbrance or preference, priority or other security agreement or preferential arrangement of any kind or nature whatsoever (including, without limitation, the interest of a vendor or lessor under any conditional sale, Capitalized Lease or other title retention agreement, and, in the case of stock, stockholders agreements, voting trust agreements and all similar arrangements).

“**Loan**” means, with respect to a Lender, such Lender’s loan made pursuant to Article II (or any conversion or continuation thereof), whether constituting an Initial Term Loan, an Additional Term Loan, a Revolving Loan or a Swing Line Loan.

“**Loan Documents**” means this Agreement, each Assumption Letter, the Facility LC Applications, the Guaranty, and all other documents, instruments, notes (including any Notes issued pursuant to Section 2.15 (if requested)) and agreements executed in connection herewith or therewith

or contemplated hereby or thereby, as the same may be amended, restated or otherwise modified and in effect from time to time.

“Local Time” means (i) New York City time in the case of (x) any Term Loans and (y) a Revolving Loan or Advance denominated in Dollars and (ii) local time in the case of a Revolving Loan or Advance denominated in an Agreed Currency (it being understood that such local time shall mean London, England time unless otherwise notified by the Administrative Agent or expressly provided herein).

“Losses” has the meaning specified in Section 9.6(b).

“Material Adverse Effect” means a material adverse effect on (i) the business, Property, condition (financial or otherwise), operations or results of operations or performance of the Borrower and its Subsidiaries taken as a whole, (ii) the ability of the Borrower or any Subsidiary to perform its obligations under the Loan Documents, (iii) the validity or enforceability of any of the Loan Documents or (iv) the rights or remedies of the Administrative Agent, the LC Issuers or the Lenders under any of the Loan Documents.

“Material Domestic Subsidiary” means (i) PDSI, Patterson Veterinary Supply, Patterson Management, Dental Holdings and Animal Health and (ii) any other Domestic Subsidiary of the Borrower (other than an SPV) that meets one or both of the following criteria: (i) such Domestic Subsidiary’s total assets, determined on a consolidated basis with its Subsidiaries, is greater than or equal to 15% of the consolidated total assets of the Borrower and its Subsidiaries; or (ii) such Domestic Subsidiary’s Consolidated Adjusted Net Income is greater than or equal to 15% of the Borrower’s Consolidated Adjusted Net Income, in each case for the four consecutive fiscal quarters most recently ended.

“Material Foreign Subsidiary” means any Foreign Subsidiary of the Borrower that meets one or both of the following criteria: (i) such Foreign Subsidiary’s total assets, determined on a consolidated basis with its Subsidiaries, is greater than or equal to 5% of the consolidated total assets of the Borrower and its Subsidiaries; or (ii) such Foreign Subsidiary’s Consolidated Adjusted Net Income is greater than or equal to 5% of the Borrower’s Consolidated Adjusted Net Income, in each case for the four consecutive fiscal quarters most recently ended.

“Material Indebtedness” means (a) Indebtedness evidenced by the Existing Loan Agreement (or any Indebtedness constituting a Permitted Refinancing thereof) or (b) any Indebtedness in an outstanding principal amount of \$50,000,000 or more in the aggregate (or the equivalent thereof in any currency other than Dollars).

“Material Indebtedness Agreement” means (a) the Existing Loan Agreement (or any agreement, document or instrument evidencing any Permitted Refinancing thereof) or (b) any agreement under which any Material Indebtedness was created or is governed or which provides for the incurrence of Indebtedness in an amount which would constitute Material Indebtedness (whether or not an amount of Indebtedness constituting Material Indebtedness is outstanding thereunder).

“Material Subsidiary” means a Material Domestic Subsidiary or a Material Foreign Subsidiary.

“Maturity Date” means (a) with respect to the Initial Term Loans, January 27, 2022 and (b) with respect to the Revolving Credit Facility, the earlier of (i) January 27, 2022 and (ii) the date of termination

in whole of the Aggregate Revolving Loan Commitment pursuant to Section 2.5.2 hereof or the Revolving Loan Commitments pursuant to Section 8.1 hereof.

“**Modify**” and “**Modification**” are defined in Section 2.24.1.

“**Moody’s**” means Moody’s Investors Service, Inc. and any successor to its rating agency business.

“**Multiemployer Plan**” means a multiemployer plan, as defined in Section 4001(a)(3) of ERISA, which is covered by Title IV of ERISA and to which the Borrower or any member of the Controlled Group is obligated to make contributions.

“**National Currency Unit**” means the unit of currency (other than a euro unit) of each member state of the European Union that participates in the third stage of Economic and Monetary Union.

“**Net Mark-to-Market Exposure**” of a Person means, as of any date of determination, the excess (if any) of all unrealized losses over all unrealized profits of such Person arising from Rate Management Transactions. As used in this definition, “**Unrealized losses**” means the fair market value of the cost to such Person of replacing such Rate Management Transaction as of the date of determination (assuming the Rate Management Transaction were to be terminated as of that date), and “**unrealized profits**” means the fair market value of the gain to such Person of replacing such Rate Management Transaction as of the date of determination (assuming such Rate Management Transaction were to be terminated as of that date).

“**Net Proceeds Amount**” means, with respect to any Asset Sale by any Person, an amount equal to:

(a) the aggregate amount of the consideration (valued at the fair market value of such consideration at the time of the consummation of such Asset Sale) received by such Person in respect of such Asset Sale, *minus*

(b) all ordinary and reasonable out-of-pocket costs and expenses actually incurred by such Person in connection with such Asset Sale.

“**Non-Defaulting Revolving Lender**” means, at any time, any Revolving Lender that is not a Defaulting Lender at such time.

“**Non-U.S. Lender**” has the meaning set forth in Section 3.5(d).

“**Note**” has the meaning set forth in Section 2.15.

“**Note Purchase Agreements**” means, collectively, the 2018 Note Purchase Agreement, the 2011 Note Purchase Agreement and the 2015 Note Purchase Agreement.

“**Obligations**” means all Loans, all Reimbursement Obligations, Banking Services Obligations, Rate Management Obligations, advances, debts, liabilities, obligations, covenants and duties owing by the Borrower or any Subsidiary to the Administrative Agent, any Lender, the Swing Line Lender, any LC Issuer, any Arranger, any affiliate of the Administrative Agent, any Lender, the Swing Line Lender, any LC Issuer or any Arranger, or any indemnitee under the provisions of Section 9.6 or any other provisions of the Loan Documents, in each case of any kind or nature, present or future, arising under this

Agreement or any other Loan Document, whether or not evidenced by any note, guaranty or other instrument, whether or not for the payment of money, whether arising by reason of an extension of credit, loan, foreign exchange risk, guaranty, indemnification, or in any other manner, whether direct or indirect (including those acquired by assignment), absolute or contingent, due or to become due, now existing or hereafter arising and however acquired. The term includes, without limitation, all interest, charges, expenses, fees, attorneys' fees and disbursements, paralegals' fees (in each case whether or not allowed), and any other sum chargeable to the Borrower or any Subsidiary under this Agreement or any other Loan Document. Notwithstanding the foregoing, the definition of "Obligations" shall not create or include any guaranty by any Credit Party of (or grant of security interest by any Credit Party to support, as applicable) any Excluded Swap Obligations of such Credit Party for purposes of determining any obligations of any Credit Party.

"**OFAC**" means the Office of Foreign Assets Control of the U.S. Department of the Treasury.

"**Off-Balance Sheet Liability**" of a Person means the principal component of (i) any repurchase obligation or liability of such Person with respect to accounts or notes receivable sold by such Person, (ii) any liability under any Sale and Leaseback Transaction which is not a Capitalized Lease, (iii) any liability under any so-called "synthetic lease" or "tax ownership operating lease" transaction entered into by such Person, (iv) any Receivables Purchase Facility or (v) any obligation arising with respect to any other transaction which is the functional equivalent of or takes the place of borrowing but which does not constitute a liability on the consolidated balance sheets of such Person, but excluding from this clause (v) all Operating Leases.

"**Off-Balance Sheet Trigger Event**" has the meaning set forth in Section 7.17.

"**Operating Lease**" of a Person means any lease of Property (other than a Capitalized Lease) by such Person as lessee which has an original term (including any required renewals and any renewals effective at the option of the lessor) of one year or more.

"**Original Closing Date**" means June 16, 2015.

"**Other Applicable Debt**" has the meaning set forth in Section 2.4.4(a).

"**Other Connection Taxes**" means, with respect to any Recipient, Taxes imposed as a result of a present or former connection between such Recipient and the jurisdiction imposing such Tax (other than connections arising from such Recipient having executed, delivered, become a party to, performed its obligations under, received payments under, received or perfected a security interest under, engaged in any other transaction pursuant to or enforced any Loan Document, or sold or assigned an interest in any Loan or Loan Document).

"**Other Taxes**" means all present or future stamp, court or documentary, intangible, recording, filing or similar Taxes that arise from any payment made under, from the execution, delivery, performance, enforcement or registration of, from the receipt or perfection of a security interest under, or otherwise with respect to, any Loan Document, except any such Taxes that are Other Connection Taxes imposed with respect to an assignment (other than an assignment made pursuant to Section 2.23).

"**Outstanding Amount**" means (a) with respect to the Term Loans, Revolving Loans and Swing Line Loans on any date, the outstanding principal amount thereof after giving effect to any borrowings and prepayments or repayments of Term Loans, Revolving Loans (including any refinancing of outstanding unpaid drawings under Facility LCs or Facility LC Credit Extensions as a Revolving

Advance) and Swing Line Loans, as the case may be, occurring on such date; and (b) with respect to any LC Obligations on any date, the outstanding amount thereof on such date after giving effect to any Facility LC Credit Extension occurring on such date and any other changes thereto as of such date, including as a result of any reimbursements of outstanding unpaid drawings under any Facility LCs (including any refinancing of outstanding unpaid drawings under Facility LCs or Facility LC Credit Extensions as a Revolving Advance) or any reductions in the maximum amount available for drawing under Facility LCs taking effect on such date.

“**Outstanding Revolving Credit Exposure**” means, as to any Lender at any time, the sum of (i) the aggregate principal amount of its Revolving Loans outstanding at such time, *plus* (ii) an amount equal to its ratable obligation to purchase participations in the aggregate principal amount of Swing Line Loans outstanding at such time, *plus* (iii) an amount equal to its ratable obligation to purchase participations in the LC Obligations at such time.

“**Overnight LIBOR Bank Funding Rate**” means, for any day or other period determined by the Administrative Agent in its sole discretion, the rate comprised of overnight eurodollar borrowings by U.S.–managed banking offices of depository institutions (as such composite rate shall be determined by the Administrative Agent in its reasonable discretion) for such day or period; *provided* that, if the Overnight LIBOR Bank Funding Rate shall be less than zero, such rate shall be deemed to be zero for purposes of this Agreement.

“**Overnight Foreign Currency Rate**” means, for any amount payable in an Agreed Currency other than Dollars, the rate of interest per annum as determined by the Administrative Agent at which overnight or weekend deposits in the relevant currency (or if such amount due remains unpaid for more than three Business Days, then for such other period of time as the Administrative Agent may elect) for delivery in immediately available and freely transferable funds would be offered by the Administrative Agent to major banks in the interbank market upon request of such major banks for the relevant currency as determined above and in an amount comparable to the unpaid principal amount of the related Advance, Facility LC Credit Extension or payment by the LC Issuer pursuant to a Facility LC, or any of the foregoing, plus any taxes, levies, imposts, duties, deductions, fees, assessments, charges or withholdings imposed upon, or charged to, the Administrative Agent by any relevant correspondent bank in respect of such amount in such relevant currency.

“**Parent**” means, with respect to any Lender, any Person as to which such Lender is, directly or indirectly, a subsidiary.

“**Participant Register**” has the meaning set forth in Section 12.2.3.

“**Participants**” has the meaning set forth in Section 12.2.1.

“**Patterson Management**” means Patterson Management, LP, a Minnesota limited partnership.

“**Patterson Veterinary Supply**” means Patterson Veterinary Supply, Inc., a Minnesota corporation.

“**Payment Date**” means the last day of each March, June, September and December and the Maturity Date.

“**PBGC**” means the Pension Benefit Guaranty Corporation, or any successor thereto.

“**PDSI**” means Patterson Dental Supply, Inc., a Minnesota corporation.

“**Permitted Acquisition**” has the meaning set forth in Section 6.13.5.

“**Permitted Purchase Money Indebtedness**” has the meaning set forth in Section 6.14.5.

“**Permitted Refinancing**” means, with respect to any Indebtedness, any replacement, renewal, refinancing or extension of such Indebtedness (including successive refinancing) that (i) does not exceed the aggregate principal amount (plus accrued interest and any applicable premium and associated fees and expenses) of the Indebtedness being replaced, renewed, refinanced or extended, (ii) does not have a maturity date at the time of such replacement, renewal, refinancing or extension that is earlier than the maturity date of the Indebtedness being replaced, renewed, refinanced or extended, (iii) does not have a Weighted Average Life to Maturity at the time of such replacement, renewal, refinancing or extension that is less than the Weighted Average Life to Maturity of the Indebtedness being replaced, renewed, refinanced or extended and (iv) does not rank at the time of such replacement, renewal, refinancing or extension senior to the Indebtedness being replaced, renewed, refinanced or extended.

“**Person**” means any natural person, corporation, firm, joint venture, partnership, limited liability company, association, enterprise, trust or other entity or organization, or any government or political subdivision or any agency, department or instrumentality thereof.

“**Plan**” means an employee pension benefit plan, excluding any Multiemployer Plan, which is covered by Title IV of ERISA or subject to the minimum funding standards under Section 412 of the Code as to which the Borrower or any member of the Controlled Group may have any liability.

“**Plan Asset Regulations**” means 29 CFR § 2510.3-101 et seq., as modified by Section 3(42) of ERISA, as amended from time to time.

“**Pricing Schedule**” means the Schedule identifying the Applicable Margin and Applicable Fee Rate attached hereto and identified as such.

“**Prime Rate**” means the rate of interest last quoted by The Wall Street Journal as the “Prime Rate” in the U.S. or, if The Wall Street Journal ceases to quote such rate, the highest per annum interest rate published by the Board of Governors of the Federal Reserve System in Federal Reserve Statistical Release H.15 (519) (Selected Interest Rates) as the “bank prime loan” rate or, if such rate is no longer quoted therein, any similar rate quoted therein (as determined by the Administrative Agent) or any similar release by the Board of Governors of the Federal Reserve System (as determined by the Administrative Agent). Each change in the Prime Rate shall be effective from and including the date such change is publicly announced or quoted as being effective.

“**Pro Forma Financial Statements**” means a pro forma balance sheet and related statement of operations of the Borrower and its Subsidiaries as of and for the twelve-month period ending with the latest quarterly period covered by any of the Quarterly Financial Statements (or, if later, the latest annual period covered by any of the Annual Financial Statements), in each case after giving effect to the Transactions and in a form reasonably satisfactory to the Arrangers.

“**Pro Rata Share**” means, with respect to each Lender at any time, a fraction (expressed as a percentage, carried out to the ninth decimal place), the numerator of which is the amount of the Commitments and, if applicable and without duplication, Term Loans of such Lender under the applicable Facility or Facilities at such time and the denominator of which is the amount of the aggregate

Commitments under the applicable Facility or Facilities and, if applicable and without duplication, Term Loans under the applicable Facility or Facilities at such time; *provided that*, in the case of the Revolving Credit Facility, if such Commitments have been terminated, then the Pro Rata Share of each Lender shall be determined based on the Pro Rata Share of such Lender immediately prior to such termination and after giving effect to any subsequent assignments made pursuant to the terms hereof.

“**Property**” of a Person means any and all property, whether real, personal, tangible, intangible, or mixed, of such Person, or other assets owned, leased or operated by such Person.

“**Property Reinvestment Application**” means, with respect to any Asset Sale, the application of an amount equal to the Net Proceeds Amount with respect to such Asset Sale to the acquisition by the Borrower or any Subsidiary of operating assets of the Borrower or such Subsidiary to be used in the principal business of such Person as conducted immediately prior to such Asset Sale.

“**PTE**” means a prohibited transaction class exemption issued by the U.S. Department of Labor, as any such exemption may be amended from time to time.

“**Purchase Price**” means the total consideration and other amounts payable in connection with any Acquisition, including, without limitation, any portion of the consideration payable in cash, all Indebtedness, liabilities and contingent obligations incurred or assumed in connection with such Acquisition and all transaction costs and expenses incurred in connection with such Acquisition, but exclusive of the value of any capital stock or other equity interests of the Borrower or any Subsidiary issued as consideration for such Acquisition.

“**Purchasers**” has the meaning set forth in Section 12.3.1.

“**Qualified Acquisition**” means any Permitted Acquisition if the aggregate amount of Indebtedness incurred by the Borrower and its Subsidiaries to finance the purchase price of, or assumed by one or more of them in connection with, such Permitted Acquisition is at least \$500,000,000.

“**Quarterly Financial Statements**” means the unaudited consolidated balance sheets and related consolidated statements of income and cash flows of the Borrower for the fiscal quarters ending October 29, 2016 and July 30, 2016, in each case prepared in accordance with Agreement Accounting Principles.

“**Quotation Day**” means, with respect to any Eurocurrency Advance for any Interest Period, (i) if the currency is Pounds Sterling, the first day of such Interest Period, (ii) if the currency is euro, the day that is two (2) TARGET2 Days before the first day of such Interest Period, and (iii) for any other currency, two (2) Business Days prior to the commencement of such Interest Period (unless, in each case, market practice differs in the relevant market where the Eurocurrency Reference Rate for such currency is to be determined, in which case the Quotation Day will be determined by the Administrative Agent in accordance with market practice in such market (and if quotations would normally be given on more than one day, then the Quotation Day will be the last of those days)).

“**QFC**” has the meaning assigned to the term “qualified financial contract” in, and shall be interpreted in accordance with, 12 U.S.C. 5390(c)(8)(D).

“**QFC Credit Support**” has the meaning assigned to it in Section 9.22.

“**Rate Management Obligations**” of the Borrower or any Subsidiary means any and all obligations of such Person to any Lender or any of its Affiliates, whether absolute or contingent and

howsoever and whensoever created, arising, evidenced or acquired (including all renewals, extensions and modifications thereof and substitutions therefor), under (i) any and all Rate Management Transactions, and (ii) any and all cancellations, buy backs, reversals, terminations or assignments of any Rate Management Transactions.

“Rate Management Transaction” means any transaction (including an agreement with respect thereto) now existing or hereafter entered into by the Borrower or a Subsidiary which is a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, equity or equity index swap, equity or equity index option, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, forward transaction, currency swap transaction, cross-currency rate swap transaction, currency option or any other similar transaction (including any option with respect to any of these transactions) or any combination thereof, whether linked to one or more interest rates, foreign currencies, commodity prices, equity prices or other financial measures.

“Receivables Purchase Documents” means each of (i) the Receivables Sale Agreement dated as of May 10, 2002, among the originators named therein and PDC Funding Company, LLC, as buyer, as amended by Amendment No. 1 thereto, dated as of May 9, 2003, as further amended by Amendment No. 2 thereto, dated as of October 7, 2004, and as further amended by Amendment No. 3 thereto, dated as of December 3, 2010, and the Third Amended and Restated Receivables Purchase Agreement dated as of December 3, 2010 among PDC Funding Company, LLC, the Borrower, the Conduits party thereto, the Financial Institutions party thereto, the Purchase Agents party thereto and MUFG Bank, Ltd., formerly known as The Bank of Tokyo-Mitsubishi UFJ, Ltd. New York Branch, as agent, as such agreements have been and may be amended, restated, extended or otherwise modified from time to time, (ii) the Amended and Restated Contract Purchase Agreement, dated as of August 12, 2011 among the Borrower, PDC Funding Company II, LLC, the Purchasers party thereto and Fifth Third Bank, as agent, as amended by that First Amendment thereto dated as of September 9, 2011, and the Amended and Restated Receivables Sale Agreement dated as of August 12, 2011 among the Originators named therein and PDC Funding Company II, LLC, as buyer, as such agreements have been and may be amended, restated, extended or otherwise modified from time to time, and (iii) any comparable additional or replacement facility made available to the Borrower or any Subsidiary; *provided* that any of such facilities: (a) provides for the sale by the Borrower or such Subsidiary of rights to payment arising under Customer Installment Contracts; (b) provides for a purchase price in an amount that represents the reasonably equivalent value of the assets subject thereto (determined as of the date of such sale); (c) evidences the intent of the parties that for accounting and all other purposes, such sale is to be treated as a sale by the Borrower or a Subsidiary, as the case may be, and a purchase by such institution(s) or special purpose entity (and not as a lending transaction); (d) provides for the delivery of opinions of outside counsel to the effect that, under, applicable bankruptcy, insolvency and similar laws (subject to assumptions and qualifications customary for opinions of such type), such transaction will be treated as a true sale and not as a lending transaction and that the assets of any purchasing special purpose entity will not be consolidated with the assets of the selling entity, the Borrower or any Affiliate of the Borrower; (e) provides for the parties to such transaction to, and such parties do, treat such transaction as a sale for all other accounting purposes; and (f) provides that such sale is without recourse to the Borrower or such Subsidiary, except to the extent of normal and customary conditions and rights of limited recourse that are consistent with the opinions referred to in clause (d) and with the treatment of such sale as a true sale for accounting purposes.

“Receivables Purchase Facility” means (i) the transactions contemplated by the Receivables Purchase Documents and (ii) other sales (including licenses), with limited recourse or no recourse, by PDSI, Patterson Veterinary Supply, Patterson Management, or Animal Health of Accounts derived from

(x) sales on contract of furnishings and equipment, (y) open account sales of supplies or (z) provisions of services.

“**Recipient**” means the Administrative Agent, any Lender or any other recipient of any payment to be made by or on account of any obligation of any Credit Party hereunder.

“**Reference Bank Rate**” means the arithmetic mean of the rates (rounded upwards to four decimal places) supplied to the Administrative Agent at its request by the Reference Banks (as the case may be) as of the applicable time on the Quotation Day for Loans in the applicable currency and the applicable Interest Period as the rate at which the relevant Reference Bank could borrow funds in the London (or other applicable) interbank market in the relevant currency and for the relevant period, were it to do so by asking for and then accepting interbank offers in reasonable market size in that currency and for that period.

“**Reference Banks**” means the principal London (or other applicable) offices of BTMU and such other banks as may be appointed by the Administrative Agent in consultation with the Borrower. No Lender shall be obligated to be a Reference Bank without its consent.

“**Register**” has the meaning set forth in Section 12.3.4.

“**Regulation D**” means Regulation D of the Board of Governors of the Federal Reserve System as from time to time in effect and any successor thereto or other regulation or official interpretation of said Board of Governors relating to reserve requirements applicable to member banks of the Federal Reserve System.

“**Regulation U**” means Regulation U of the Board of Governors of the Federal Reserve System as from time to time in effect and any successor or other regulation or official interpretation of said Board of Governors relating to the extension of credit by banks, non-banks and non-broker lenders for the purpose of purchasing or carrying margin stocks applicable to member banks of the Federal Reserve System.

“**Regulation X**” means Regulation X of the Board of Governors of the Federal Reserve System as from time to time in effect and any successor or other regulation or official interpretation of said Board of Governors relating to the extension of credit by foreign lenders for the purpose of purchasing or carrying margin stock (as defined therein).

“**Reimbursement Obligations**” means, at any time, with respect to any LC Issuer, the aggregate of all obligations of the Borrower then outstanding under Section 2.24 to reimburse such LC Issuer for amounts paid by such LC Issuer in respect of any one or more drawings under Facility LCs issued by such LC Issuer; or, as the context may require, all such Reimbursement Obligations then outstanding to reimburse all of the LC Issuers.

“**Relevant Governmental Body**” means (a) with respect to Dollars, the Federal Reserve Board and/or the Federal Reserve Bank of New York, or a committee officially endorsed or convened by the Federal Reserve Board and/or the Federal Reserve Bank of New York or any successor thereto and (b) with respect to any other Agreed Currency, any banking authority having similar oversight functions and authority to the Federal Reserve Board and/or the Federal Reserve Bank of New York with respect to such Agreed Currency or a committee officially endorsed or convened by such banking authority or, in each case, any successor thereto.

“Reportable Event” means a reportable event as defined in Section 4043 of ERISA and the regulations issued under such section, with respect to a Plan subject to Title IV of ERISA, excluding, however, such events as to which the PBGC has by regulation waived the requirement of Section 4043(a) or (b) of ERISA that it be notified within 30 days of the occurrence of such event; *provided, however*, that a failure to meet the minimum funding standard of Section 412 of the Code and of Section 302 of ERISA shall be a Reportable Event regardless of the issuance of any such waiver of the notice requirement in accordance with either Section 4043(a) or (b) of ERISA or Section 412(d) of the Code.

“Required Class Lenders” means, as of any date of determination, Lenders of a Class having more than 50% of the sum of (a) the Total Outstandings with respect to such Class (with, in the case of the Revolving Credit Facility, the aggregate amount of each Lender’s risk participation and funded participation in LC Obligations and Swing Line Loans being deemed **“held”** by such Lender for purposes of this definition) of all Lenders of such Class and (b) the aggregate unused Commitments with respect to such Class of all Lenders of such Class; *provided* that the unused Commitment and the portion of the Total Outstandings held or deemed held by, any Defaulting Lender of such Class shall be excluded for purposes of making a determination of Required Class Lenders.

“Required Lenders” means, at any date, Lenders in the aggregate holding more than 50% of the sum of the (a) Total Outstandings (with the aggregate amount of each Lender’s risk participation and funded participation in LC Obligations and Swing Line Loans being deemed **“held”** by such Lender for purposes of this definition), (b) aggregate unused Term Commitments, and (c) aggregate unused Revolving Loan Commitments; *provided* that the unused Term Commitment and unused Revolving Loan Commitment of, and the portion of the Total Outstandings held or deemed held by, any Defaulting Lender shall be excluded for purposes of making a determination of Required Lenders.

“Required Revolving Lenders” means, as of any date of determination, Revolving Lenders having more than 50% of the sum of the (a) Outstanding Amount of all Revolving Loans and all LC Obligations (with the aggregate Dollar Amount of each Lender’s risk participation and funded participation in LC Obligations being deemed **“held”** by such Lender for purposes of this definition) and (b) Available Aggregate Revolving Loan Commitment; *provided* that the unused Revolving Loan Commitment of, and the portion of the Outstanding Amount of all Revolving Loans and all LC Obligations held or deemed held by, any Defaulting Lender shall be excluded for purposes of making a determination of Required Revolving Lenders.

“Reserve Requirement” means a fraction (expressed as a decimal), the numerator of which is the number one and the denominator of which is the number one minus the aggregate of the maximum reserve, liquid asset, fees or similar requirements (including any marginal, special, emergency or supplemental reserves or other requirements) established by any central bank, monetary authority, the Board of Governors of the Federal Reserve System, the Financial Conduct Authority, the Prudential Regulation Authority, the European Central Bank or other Governmental Authority for any category of deposits or liabilities customarily used to fund loans in the applicable currency, expressed in the case of each such requirement as a decimal. Such reserve, liquid asset, fees or similar requirements shall include those imposed pursuant to Regulation D of the Board. Eurocurrency Loans shall be deemed to be subject to such reserve, liquid asset, fee or similar requirements without benefit of or credit for proration, exemptions or offsets that may be available from time to time to any Lender under any applicable law, rule or regulation, including Regulation D of the Board of Governors of the Federal Reserve System. The Reserve Requirement shall be adjusted automatically on and as of the effective date of any change in any reserve, liquid asset or similar requirement.

“**Revolving Advance**” means a borrowing hereunder consisting of the aggregate amount of the Revolving Loans (i) made by the Revolving Lenders on the same Borrowing Date or (ii) converted or continued by the Revolving Lenders on the same date of conversion or continuation, consisting, in either case, of the aggregate amount of the Revolving Loans of the same Type and, in the case of Eurocurrency Loans, in the same Agreed Currency and for the same Interest Period. The term “**Revolving Advance**” shall include Swing Line Loans unless otherwise expressly provided.

“**Revolving Credit Facility**” means the revolving credit facility made available to the Borrower pursuant to the Aggregate Revolving Loan Commitment.

“**Revolving Increase**” has the meaning set forth in Section 2.5.3.

“**Revolving Lender**” means, at any time, any Lender that has a Revolving Loan Commitment at such time.

“**Revolving Loan**” means, with respect to a Lender, such Lender’s loan made pursuant to its commitment to lend set forth in Section 2.2 (and any conversion or continuation thereof).

“**Revolving Loan Commitment**” means, for each Lender, including without limitation, each LC Issuer, such Lender’s obligation to make Revolving Loans to, and participate in Facility LCs issued upon the application of, the Borrower in an aggregate amount not exceeding the amount set forth for such Lender on the Commitment Schedule under the caption “Revolving Loan Commitment” or in any Assignment Agreement delivered pursuant to Section 12.3, as such amount may be modified from time to time pursuant to the terms hereof.

“**Risk-Based Capital Guidelines**” has the meaning set forth in Section 3.2.

“**S&P**” means Standard & Poor’s Financial Services, LLC, a subsidiary of S&P Global, and any successor to its rating agency business.

“**Sale and Leaseback Transaction**” means any sale or other transfer of Property by any Person with the intent to lease such Property as lessee.

“**Sanctioned Country**” means, at any time, a country, territory or region which is itself the subject or target of any Sanctions (including Cuba, Crimea, Iran, North Korea and Syria).

“**Sanctioned Person**” means, at any time, (a) any Person listed in any Sanctions-related list of designated Persons maintained by OFAC, the U.S. Department of State, the United Nations Security Council, the European Union, any EU member state or Her Majesty’s Treasury of the United Kingdom, (b) any Person operating, organized or resident in a Sanctioned Country, (c) any Person owned or controlled by any such Person or Persons described in the foregoing clauses (a) or (b), or (d) any Person otherwise the subject of any Sanctions.

“**Sanctions**” means economic or financial sanctions or trade embargoes imposed, administered or enforced from time to time by (a) the U.S. government, including those administered by OFAC or the U.S. Department of State or (b) the United Nations Security Council, the European Union, any European Union member state or Her Majesty’s Treasury of the United Kingdom.

“**Schedule**” refers to a specific schedule to this Agreement, unless another document is specifically referenced.

“**SEC**” means the United States Securities and Exchange Commission, and any successor thereto.

“**Section**” means a numbered section of this Agreement, unless another document is specifically referenced.

“**Senior Debt**” means any Indebtedness of any Credit Party, other than Indebtedness that is in any manner subordinated in right of payment in respect of the Obligations.

“**Senior Notes**” means, collectively, the 2018 Senior Notes, the 2011 Senior Notes and the 2015 Senior Notes.

“**Single Employer Plan**” means a Plan maintained by the Borrower or any member of the Controlled Group for employees of the Borrower or any member of the Controlled Group.

“**SOFR**” with respect to any day, means the secured overnight financing rate published for such day by the Federal Reserve Bank of New York, as the administrator of the benchmark, (or a successor administrator) on the Federal Reserve Bank of New York’s Website.

“**Solvent**” means, when used with respect to any Person, that at the time of determination:

(i) the fair value of its assets (both at fair valuation and at present fair saleable value) is equal to or in excess of the total amount of its liabilities, including, without limitation, contingent liabilities; and

(ii) it is then able and expects to be able to pay its debts as they mature; and

(iii) it has capital sufficient to carry on its business as conducted and as proposed to be conducted.

With respect to contingent liabilities (such as litigation, guarantees and pension plan liabilities), such liabilities shall be computed at the amount which, in light of all the facts and circumstances existing at the time, represent the amount which can reasonably be expected to become an actual or matured liability.

“**Specified Animal Health Settlement**” means the aggregate cash amount of the settlement paid by the Borrower or any of its Subsidiaries in connection with the U.S. Department of Justice investigation of Animal Health International, Inc. disclosed in the Borrower’s filings with the SEC.

“**Specified Litigation Settlement**” means the aggregate cash amount of the settlement paid by the Borrower or any of its Subsidiaries in connection with In re Dental Supplies Antitrust Litigation, No. 1:16-CV-00696-BMC-GRB in the U.S. District Court for the Eastern District of New York.

“**Specified Swap Obligation**” means, with respect to any Credit Party, any obligation to pay or perform under any agreement, contract or transaction that constitutes a “swap” within the meaning of Section 1a(47) of the Commodity Exchange Act or any rules or regulations promulgated thereunder.

“**SPV**” means any special purpose entity established for the purpose of purchasing receivables in connection with a receivables securitization transaction permitted under the terms of this Agreement.

“Statutory Reserve Rate” means, with respect to any currency, a fraction (expressed as a decimal), the numerator of which is the number one and the denominator of which is the number one minus the aggregate of the maximum reserve, liquid asset, fees or similar requirements (including any marginal, special, emergency or supplemental reserves or other requirements) established by any central bank, monetary authority, the Board of Governors of the Federal Reserve System, the Financial Conduct Authority, the Prudential Regulation Authority, the European Central Bank or other Governmental Authority for any category of deposits or liabilities customarily used to fund loans in such currency, expressed in the case of each such requirement as a decimal. Such reserve percentages shall include those imposed pursuant to Regulation D. Eurocurrency Loans shall be deemed to be subject to such reserve, liquid asset or similar requirements without benefit of or credit for proration, exemptions or offsets that may be available from time to time to any Lender under any applicable law, rule or regulation, including Regulation D. The Statutory Reserve Rate shall be adjusted automatically on and as of the effective date of any change in any reserve, liquid asset or similar requirement.

“Subordinated Indebtedness” of a Person means any Indebtedness of such Person the payment of which is subordinated to payment of the Obligations to the written satisfaction of the Required Lenders.

“Subsidiary” of a Person means (i) any corporation more than 50% of the outstanding securities having ordinary voting power of which shall at the time be owned or controlled, directly or indirectly, by such Person or by one or more of its Subsidiaries or by such Person and one or more of its Subsidiaries, or (ii) any partnership, limited liability company, association, joint venture or similar business organization more than 50% of the ownership interests having ordinary voting power of which shall at the time be so owned or controlled. Unless otherwise expressly provided, all references herein to a “Subsidiary” shall mean a Subsidiary of the Borrower.

“Subsidiary Stock” means, with respect to any Person, the capital stock (or any options or warrants to purchase stock, shares or other securities exchangeable for or convertible into stock or shares) of any Subsidiary of such Person.

“Substantial Portion” means, with respect to the Property of the Borrower and its Subsidiaries, Property which represents more than 10% of the consolidated assets of the Borrower and its Subsidiaries or Property which is responsible for more than 10% of the consolidated net sales or of the Consolidated Net Income of the Borrower and its Subsidiaries, in each case, as would be shown in the consolidated financial statements of the Borrower and its Subsidiaries as at the end of the four fiscal quarter period ending with the fiscal quarter immediately prior to the fiscal quarter in which such determination is made (or if financial statements have not been delivered hereunder for that fiscal quarter which ends the four fiscal quarter period, then the financial statements delivered hereunder for the quarter ending immediately prior to that quarter).

“Supported QFC” has the meaning assigned to it in Section 9.22.

“Swap” means, with respect to any Person, payment obligations with respect to Rate Management Transactions and similar obligations obligating such Person to make payments, whether periodically or upon the happening of a contingency. For the purposes of this Agreement, the amount of the obligation under any Swap shall be the amount determined in respect thereof as of the end of the then most recently ended fiscal quarter of such Person, based on the assumption that such Swap had terminated at the end of such fiscal quarter, and in making such determination, if any agreement relating to such Swap provides for the netting of amounts payable by and to such Person thereunder or if any such

agreement provides for the simultaneous payment of amounts by and to such Person, then in each such case, the amount of such obligation shall be the net amount so determined.

“**Swing Line Borrowing Notice**” has the meaning set forth in Section 2.3.2.

“**Swing Line Commitment**” means the obligation of the Swing Line Lender to make Swing Line Loans up to a maximum principal amount of \$75,000,000 at any one time outstanding.

“**Swing Line Exposure**” means, at any time, the aggregate principal amount of all Swing Line Loans outstanding at such time. The Swing Line Exposure of any Revolving Lender shall be its Pro Rata Share of the total Swing Line Exposure at such time.

“**Swing Line Lender**” means BTMU or such other Revolving Lender which may succeed to its rights and obligations as Swing Line Lender pursuant to the terms of this Agreement.

“**Swing Line Loan**” means a Loan made available to the Borrower by the Swing Line Lender pursuant to Section 2.3.

“**TARGET2 Day**” means a day that TARGET2 is open for the settlement of payments in euro.

“**Taxes**” means all present or future taxes, levies, imposts, deductions, withholdings (including backup withholding), assessments, fees or other charges imposed by any Governmental Authority, including any interest, additions to tax or penalties applicable thereto.

“**Temporary Increase Period**” has the meaning specified in Section 6.20.

“**Term Advance**” means an Initial Term Advance or an Additional Term Advance, as the context may require.

“**Term Commitment**” means an Initial Term Commitment or an Additional Term Commitment.

“**Term Lender**” means, at any time, any Lender that has a Term Commitment or a Term Loan at such time.

“**Term Loan**” means an Initial Term Loan or an Additional Term Loan, as the context may require.

“**Term SOFR**” means the forward-looking term rate based on SOFR that has been selected or recommended by the Relevant Governmental Body.

“**Total Outstandings**” means the aggregate Outstanding Amount of all Loans and all LC Obligations.

“**Transferee**” has the meaning set forth in Section 12.4.

“**Transactions**” means, collectively, the execution, delivery and performance by the Credit Parties of this Agreement and the other Loan Documents, the borrowing of Loans, Advances and other credit extensions, the use of the proceeds thereof and the issuance of Facility LCs hereunder.

“**Type**” means, with respect to any Advance, its nature as a Floating Rate Advance or a Eurocurrency Advance and with respect to any Loan, its nature as a Floating Rate Loan or a Eurocurrency Loan.

“**Unadjusted Benchmark Replacement**” means, for any Agreed Currency, the Benchmark Replacement for such Agreed Currency excluding the Benchmark Replacement Adjustment; provided that, if the Unadjusted Benchmark Replacement as so determined would be less than zero, the Unadjusted Benchmark Replacement will be deemed to be zero for the purposes of this Agreement.

“**Unfunded Liabilities**” means the amount (if any) by which the present value of all vested and unvested accrued benefits under each Single Employer Plan subject to Title IV of ERISA exceeds the fair market value of all such Plan’s assets allocable to such benefits, all determined as of the then most recent valuation date for such Plan for which a valuation report is available, using PBGC actuarial assumptions for single employer plan terminations.

“**Unmatured Default**” means an event which but for the lapse of time or the giving of notice, or both, would constitute a Default.

“**U.S. Person**” means any Person that is a “United States person” as defined in Section 7701(a)(30) of the Code.

“**U.S. Special Resolution Regime**” has the meaning assigned to it in Section 9.22.

USA Patriot Act” has the meaning set forth in Section 9.17.

“**Weighted Average Life to Maturity**” means when applied to any Indebtedness at any date, the number of years obtained by dividing (i) the sum of the products obtained by multiplying (a) the amount of each then remaining installment, sinking fund, serial maturity or other required scheduled payments of principal, including payment at final maturity, in respect thereof, by (b) the number of years (calculated to the nearest one-twelfth) that will elapse between such date and the making of such payment, by (ii) the then outstanding principal amount of such Indebtedness.

“**Wholly Owned Subsidiary**” of a Person means (i) any Subsidiary all of the outstanding voting securities (other than directors’ qualifying shares or nominee or other similar shares required pursuant to applicable law) of which shall at the time be owned or controlled, directly or indirectly, by such Person or one or more Wholly Owned Subsidiaries of such Person, or by such Person and one or more Wholly Owned Subsidiaries of such Person, or (ii) any partnership, limited liability company, association, joint venture or similar business organization 100% of the ownership interests having ordinary voting power of which shall at the time be so owned or controlled.

“**Write-Down and Conversion Powers**” means, with respect to any EEA Resolution Authority, the write-down and conversion powers of such EEA Resolution Authority from time to time under the Bail-In Legislation for the applicable EEA Member Country, which write-down and conversion powers are described in the EU Bail-In Legislation Schedule.

1.2 *Terms Generally*

. The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words “include”, “includes” and “including” shall be deemed to be

followed by the phrase “without limitation”. The word “will” shall be construed to have the same meaning and effect as the word “shall”. The word “law” shall be construed as referring to all statutes, rules, regulations, codes and other laws (including official rulings and interpretations thereunder having the force of law or with which affected Persons customarily comply), and all judgments, orders and decrees, of all Governmental Authorities. Unless the context requires otherwise (a) any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as from time to time amended, restated, supplemented or otherwise modified (subject to any restrictions on such amendments, restatements, supplements or modifications set forth herein), (b) any definition of or reference to any statute, rule or regulation shall be construed as referring thereto as from time to time amended, supplemented or otherwise modified (including by succession of comparable successor laws), (c) any reference herein to any Person shall be construed to include such Person’s successors and assigns (subject to any restrictions on assignment set forth herein) and, in the case of any Governmental Authority, any other Governmental Authority that shall have succeeded to any or all functions thereof, (d) the words “herein”, “hereof” and “hereunder”, and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof, (e) all references herein to Articles, Sections, Exhibits and Schedules shall be construed to refer to Articles and Sections of, and Exhibits and Schedules to, this Agreement and (f) the words “asset” and “property” shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights.

1.3 Financial Covenant Calculations

. Financial covenants shall be calculated (a) without giving effect to any election under Accounting Standards Codification 825-10-25 (or any other Accounting Standards Codification or Financial Accounting Standard having a similar result or effect) to value any indebtedness or other liabilities of the Borrower or any Subsidiary at “fair value”, as defined therein and (b) without giving effect to any treatment of indebtedness in respect of convertible debt instruments under Accounting Standards Codification 470-20 (or any other Accounting Standards Codification or Financial Accounting Standard having a similar result or effect) to value any such indebtedness in a reduced or bifurcated manner as described therein, and such indebtedness shall at all times be valued at the full stated principal amount thereof.

1.4 Amendment and Restatement of Existing Credit Agreement

. The parties to this Agreement agree that, on the Closing Date, the terms and provisions of the Existing Credit Agreement shall be and hereby are amended, superseded and restated in their entirety by the terms and provisions of this Agreement. This Agreement is not intended to be, and shall not constitute, a novation of the obligations and liabilities of the parties under the Existing Credit Agreement. All Revolving Loans and Term A-1 Loans made, and Obligations incurred, under the Existing Credit Agreement which are outstanding on the Closing Date shall continue as Revolving Loans, Initial Term Loans and Obligations, respectively, under (and shall be governed by the terms of) this Agreement and the other Loan Documents. Without limiting the foregoing, upon the effectiveness of the amendment and restatement contemplated hereby on the Closing Date: (a) all references in the “Loan Documents” (as defined in the Existing Credit Agreement) to the “Administrative Agent”, the “Credit Agreement” and the “Loan Documents” shall be deemed to refer to the Administrative Agent, this Agreement and the Loan Documents, (b) the “Revolving Loan Commitments” (as defined in the Existing Credit Agreement) shall be redesignated as Revolving Loan Commitments hereunder as set forth on the Commitment Schedule, (b) the “Term A-1 Loans” (as defined in the Existing Credit Agreement) shall be redesignated as Initial

Term Loans hereunder in such amounts as set forth on the Commitment Schedule, (d) the Administrative Agent shall make such other reallocations, sales, assignments or other relevant actions in respect of each Lender's credit exposure under the Existing Credit Agreement as are necessary in order that each such Lender's Outstanding Revolving Credit Exposure and outstanding Loans hereunder reflects such Lender's Pro Rata Share of the Aggregate Outstanding Revolving Credit Exposure and aggregate outstanding Loans on the Closing Date, (e) the Borrower hereby agrees to compensate each Lender and the Departing Lender for any and all losses and costs incurred by such Lender or the Departing Lender, as applicable, in connection with the sale and assignment of any Eurocurrency Loans (including the "Eurocurrency Loans" under the Existing Credit Agreement) and such reallocation described above, in each case on the terms and in the manner set forth in Section 3.4 hereof and (f) the revolving loans and the "Term A-1 Loans" (as defined in the Existing Credit Agreement) previously made to the Borrower by the Departing Lender under the Existing Credit Agreement which remain outstanding as of the date of this Agreement (if any) shall be repaid in full (accompanied by any accrued and unpaid interest and fees thereon), the Departing Lender's "Commitments" under the Existing Credit Agreement shall be terminated, the Departing Lender shall not be a Lender for any purpose hereunder (except to the extent of any indemnification of the Existing Credit Agreement that is meant to continue to apply to the Departing Lender by its express terms), and the Departing Lender shall be released from any obligation or liability under the Existing Credit Agreement. Without limiting the foregoing, the parties hereto (including, without limitation, the Departing Lender) hereby agree that the consent of the Departing Lender shall be limited to the acknowledgements and agreements set forth in this Section 1.4 and shall not be required as a condition to the effectiveness of any other amendments, restatements, supplements or modifications to the Existing Credit Agreement or the Loan Documents.

1.5 Divisions

. For all purposes under the Loan Documents, in connection with any division or plan of division under Delaware law (or any comparable event under a different jurisdiction's laws): (a) if any asset, right, obligation or liability of any Person becomes the asset, right, obligation or liability of a different Person, then it shall be deemed to have been transferred from the original Person to the subsequent Person, and (b) if any new Person comes into existence, such new Person shall be deemed to have been organized and acquired on the first date of its existence by the holders of its Capital Stock at such time.

ARTICLE II

THE CREDITS

2.1 Initial Term Loans

. Prior to the Closing Date, certain term loans were previously made to the Borrower under the Existing Credit Agreement which remain outstanding as of the Closing Date (such outstanding term loans being hereinafter referred to as the "**Existing Term Loans**"). Subject to the terms and conditions set forth in this Agreement, the parties hereto agree that on the Closing Date, but subject to the reallocation and other transactions described in Section 1.4, the Existing Term Loans shall be re-evidenced as Initial Term Loans under this Agreement and the terms of the Existing Term Loans shall be restated in their entirety and shall be evidenced by this Agreement. As of the Closing Date, the Initial Terms Loans are funded and such amounts may not be reborrowed. The commitments of the "Term A-1 Lenders" under the Existing Credit Agreement (including, for the avoidance of doubt, such Term A-1 Lenders constituting Initial Term Lenders) to fund the Initial Term Loans terminated immediately following the funding of the Initial Term Loans on the Original Closing Date. The Initial Term Loans are denominated

solely in Dollars and may be continued as Floating Rate Loans or converted into Eurocurrency Loans in the manner provided in Section 2.8 and subject to the other conditions and limitations therein set forth and set forth in this Article II and set forth in the definition of Interest Period. Additionally, the Borrower shall make the scheduled repayment installments of principal prescribed in Section 2.4.2 and the mandatory prepayments prescribed in Section 2.4.4.

2.2 Revolving Loans

. Prior to the Closing Date, certain revolving loans were previously made to the Borrower under the Existing Credit Agreement which remain outstanding as of the Closing Date (such outstanding revolving loans being hereinafter referred to as the “**Existing Revolving Loans**”). Subject to the terms and conditions set forth in this Agreement, the parties hereto agree that on the Closing Date, but subject to the reallocation and other transactions described in Section 1.4, the Existing Revolving Loans shall be re-evidenced as Revolving Loans under this Agreement and the terms of the Existing Revolving Loans shall be restated in their entirety and shall be evidenced by this Agreement. From and including the Closing Date and prior to the Maturity Date, subject to the terms and conditions set forth herein, each Revolving Lender severally and not jointly agrees, on the terms and conditions set forth in this Agreement, to (i) make Revolving Loans to the Borrower in Agreed Currencies from time to time and (ii) participate in Facility LCs issued upon the request of the Borrower, in each case in Dollar Amounts not to exceed in the aggregate such Lender’s Pro Rata Share of the Available Aggregate Revolving Loan Commitment; *provided* that (i) except as provided in Section 2.4.3, at no time shall the Dollar Amount of the Aggregate Outstanding Revolving Credit Exposure hereunder exceed the Aggregate Revolving Loan Commitment, (ii) all Floating Rate Loans shall be made in Dollars, and (iii) except as provided in Section 2.4.3, at no time shall the aggregate outstanding Dollar Amount of all Revolving Loans denominated in Foreign Currencies exceed the Foreign Currency Sublimit. Unless the Borrower has delivered to the Administrative Agent an Indemnification Letter (or entered into a similar undertaking reasonably acceptable to the Administrative Agent, which may be set forth in a Borrowing Notice) on or before the third (3rd) Business Day prior to the Closing Date with respect to all Revolving Loans requested to be made as Eurocurrency Advances on the Closing Date or on or before the third (3rd) Business Day thereafter, the Loans made on the Closing Date or on or before the third (3rd) Business Day thereafter shall initially be Floating Rate Loans and thereafter may be continued as Floating Rate Loans or converted into Eurocurrency Loans in the manner provided in Section 2.8 and subject to the other conditions and limitations therein set forth and set forth in this Article II and set forth in the definition of Interest Period. Revolving Loans made after the third (3rd) Business Day after the Closing Date shall be, at the option of the Borrower, selected in accordance with Section 2.8, either Floating Rate Loans or Eurocurrency Loans. Each Advance under this Section 2.2 shall consist of Revolving Loans made by each Revolving Lender ratably in proportion to such Lender’s respective Pro Rata Share. The LC Issuers will issue Facility LCs hereunder on the terms and conditions set forth in Section 2.24. Subject to the terms of this Agreement, the Borrower may borrow, repay and reborrow Revolving Loans at any time prior to the Maturity Date. On the Maturity Date, the commitment of each Lender to lend hereunder shall automatically expire and the Borrower shall repay in full the outstanding principal balance of the Revolving Loans. Additionally, the Borrower shall make the mandatory prepayments prescribed in Section 2.4.3.

2.3 Swing Line Loans

2.3.1 *Amount of Swing Line Loans.* Upon the satisfaction of the conditions precedent set forth in Section 4.1 and Section 4.2, if applicable, from and including the Closing Date and prior to the Maturity Date, the Swing Line Lender agrees, on the terms and conditions set forth in this Agreement, to make Swing Line Loans, in Dollars, to the Borrower from time to time in an aggregate principal amount not to exceed the Swing Line Commitment, *provided* that (a) the Dollar Amount of the Aggregate Outstanding Revolving Credit Exposure shall not at any time exceed the Aggregate Revolving Loan Commitment, and (b) at no time shall the sum of (i) the Swing Line Loans then outstanding, *plus* (ii) the outstanding Revolving Loans made by the Swing Line Lender pursuant to Section 2.2 (including its participation in any Facility LCs), exceed the Swing Line Lender's Revolving Loan Commitment at such time. Subject to the terms of this Agreement, the Borrower may borrow, repay and reborrow Swing Line Loans at any time prior to the Maturity Date.

2.3.2 *Borrowing Notice.* The Borrower shall deliver to the Administrative Agent and the Swing Line Lender irrevocable notice (a "**Swing Line Borrowing Notice**") not later than 12:00 noon (New York City time) on the Borrowing Date of each Swing Line Loan, specifying (a) the applicable Borrowing Date (which date shall be a Business Day and which may be the same day as the date the Swing Line Borrowing Notice was given), and (b) the aggregate amount of the requested Swing Line Loan which shall be an amount not less than \$100,000 (and increments of \$100,000 if in excess thereof). At the election of the Borrower, the Swing Line Loans shall bear interest at (i) the Floating Rate, (ii) the Overnight LIBOR Bank Funding Rate *plus* the Applicable Margin for Eurocurrency Advances or (iii) such other rate per annum (which rate shall not be less than zero) as shall be agreed to by the Swing Line Lender and the Borrower.

2.3.3 *Making of Swing Line Loans.* Promptly after receipt of a Swing Line Borrowing Notice, the Administrative Agent shall notify each Revolving Lender by fax or other similar form of transmission, of the requested Swing Line Loan. Not later than 2:00 p.m. (New York City time) on the applicable Borrowing Date, the Swing Line Lender shall make available the Swing Line Loan, in funds immediately available in New York City, to the Administrative Agent at its address specified pursuant to Article XIII. The Administrative Agent will promptly make the funds so received from the Swing Line Lender available to the Borrower on the Borrowing Date at the Administrative Agent's aforesaid address.

2.3.4 *Repayment of Swing Line Loans.* The outstanding principal amount of each Swing Line Loan shall be paid in full by the Borrower on or before the tenth (10th) Business Day after the Borrowing Date for such Swing Line Loan. In addition, the Swing Line Lender (a) may at any time in its sole discretion with respect to any outstanding Swing Line Loan, or (b) shall, on the tenth (10th) Business Day after the Borrowing Date of any Swing Line Loan, require each Revolving Lender (including the Swing Line Lender) to make a Revolving Loan in the amount of such Revolving Lender's Pro Rata Share of such Swing Line Loan (including, without limitation, any interest accrued and unpaid thereon), for the purpose of repaying such Swing Line Loan. Not later than 12:00 noon (New York City time) on the date of any notice received pursuant to this Section 2.3.4, each Revolving Lender shall make available its required Revolving Loan, in funds immediately available in New York City to the Administrative Agent at its address specified pursuant to Article XIII. Revolving Loans made pursuant to this Section 2.3.4 shall initially be Floating Rate Loans and thereafter may be continued as Floating Rate Loans or converted into Eurocurrency Loans in the manner provided in Section 2.9 and subject to the other conditions and limitations set forth in this Article II. Unless a Revolving Lender shall have notified the Swing Line Lender, prior to its making any Swing Line Loan, that any

applicable condition precedent set forth in Sections 4.1 or 4.2 had not then been satisfied, such Revolving Lender's obligation to make Revolving Loans pursuant to this Section 2.3.4 to repay Swing Line Loans shall be unconditional, continuing, irrevocable and absolute and shall not be affected by any circumstances, including, without limitation, (i) any set-off, counterclaim, recoupment, defense or other right which such Revolving Lender may have against the Administrative Agent, the Swing Line Lender or any other Person, (ii) the occurrence or continuance of a Default or Unmatured Default, (iii) any adverse change in the condition (financial or otherwise) of the Borrower, or (iv) any other circumstances, happening or event whatsoever. In the event that any Revolving Lender fails to make payment to the Administrative Agent of any amount due under this Section 2.3.4, the Administrative Agent shall be entitled to receive, retain and apply against such obligation the principal and interest otherwise payable to such Revolving Lender hereunder until the Administrative Agent receives such payment from such Revolving Lender or such obligation is otherwise fully satisfied. In addition to the foregoing, if for any reason any Revolving Lender fails to make payment to the Administrative Agent of any amount due under this Section 2.3.4, such Revolving Lender shall be deemed, at the option of the Administrative Agent, to have unconditionally and irrevocably purchased from the Swing Line Lender, without recourse or warranty, an undivided interest and participation in the applicable Swing Line Loan in the amount of such Revolving Loan, and such interest and participation may be recovered from such Revolving Lender together with interest thereon at the Federal Funds Effective Rate for each day during the period commencing on the date of demand and ending on the date such amount is received. On the Maturity Date, the Borrower shall repay in full the outstanding principal balance of the Swing Line Loans.

2.3.5 The Swing Line Lender may be replaced at any time by written agreement among the Borrower, the Administrative Agent, the replaced Swing Line Lender and the successor Swing Line Lender. The Administrative Agent shall notify the Revolving Lenders of any such replacement of the Swing Line Lender. At the time any such replacement shall become effective, the Borrower shall pay all unpaid interest accrued for the account of the replaced Swing Line Lender pursuant to Section 2.3. From and after the effective date of any such replacement, (x) the successor Swing Line Lender shall have all the rights and obligations of the replaced Swing Line Lender under this Agreement with respect to Swing Line Loans made thereafter and (y) references herein to the term "Swing Line Lender" shall be deemed to refer to such successor or to any previous Swing Line Lender, or to such successor and all previous Swing Line Lenders, as the context shall require. After the replacement of the Swing Line Lender hereunder, the replaced Swing Line Lender shall remain a party hereto and shall continue to have all the rights and obligations of a Swing Line Lender under this Agreement with respect to Swing Line Loans made by it prior to its replacement, but shall not be required to make additional Swing Line Loans.

2.3.6 Subject to the appointment and acceptance of a successor Swing Line Lender in accordance with Section 2.3.5 above (provided that the resigning Swing Line Lender's consent shall not be required for its replacement), the Swing Line Lender may resign as Swing Line Lender at any time upon thirty (30) days' prior written notice to the Administrative Agent, the Borrower and the Lenders, in which case, the Swing Line Lender shall be replaced in accordance with Section 2.3.5 above.

2.4 Determination of Dollar Amounts; Repayment of Loans; Termination; Mandatory Prepayments

2.4.1 *Determination of Dollar Amounts.* The Administrative Agent will determine the Dollar Amount of (a) each Eurocurrency Advance as of the date two (2) Business Days prior to the applicable Borrowing Date or, if applicable, the date of conversion/continuation of any Advance as a Eurocurrency Advance, (b) the LC Obligations as of the date of each request for the issuance or Modification of any Facility LC, and (c) all outstanding Credit Extensions on and as of the last Business Day of each calendar quarter and, during the continuation of a Default, on any other Business Day elected by the Administrative Agent in its discretion or upon instruction by the Required Lenders. Each day upon or as of which the Administrative Agent determines Dollar Amounts as described in the preceding clauses (a), (b) and (c) is herein described as a “Computation Date” with respect to each Credit Extension for which a Dollar Amount is determined on or as of such date.

2.4.2 *Required Payments; Terminations.*

(a) *Initial Term Loans.* The Borrower shall repay to the Administrative Agent for the ratable account of the Initial Term Lenders (i) (x) on the last day of each fiscal quarter ending after the Closing Date (commencing with the first fiscal quarter ending after the Closing Date), but on or before the second anniversary of the Closing Date, 1.25% of the aggregate principal amount of all Initial Term Loans outstanding as of the Closing Date, (y) on the last day of each fiscal quarter ending after the second anniversary of the Closing Date but on or before the third anniversary of the Closing Date, 1.875% of the aggregate principal amount of all Initial Term Loans outstanding as of the Closing Date and (z) on the last day of each fiscal quarter ending after the third anniversary of the Closing Date but on or before the Maturity Date, 2.50% of the aggregate principal amount of all Initial Term Loans outstanding as of the Closing Date (which payments shall in each case be reduced as a result of the application of prepayments in accordance with the order of priority set forth in Section 2.4.4) and (ii) on the Maturity Date, the aggregate principal amount of all Initial Term Loans outstanding on such date.

(b) *Revolving Loans.* Any outstanding Revolving Loans shall be paid in full by the Borrower on the Maturity Date and all other unpaid Obligations with respect to the Revolving Credit Facility shall be paid in full by the Borrower on the Maturity Date.

(c) *Swing Line Loans.* The Borrower shall repay the Swing Line Loans and all other Obligations in respect thereof in accordance with Section 2.3.4.

(d) Notwithstanding the termination of the Revolving Loan Commitments under this Agreement on the Maturity Date, until all of the Obligations (other than contingent indemnity obligations) shall have been fully paid and satisfied and all financing arrangements among the Borrower and the Lenders hereunder and under the other Loan Documents shall have been terminated, all of the rights and remedies under this Agreement and the other Loan Documents shall survive.

2.4.3 *Mandatory Prepayments of Aggregate Outstanding Revolving Credit Exposure.* If at any time and for any reason, the Dollar Amount of the Aggregate Outstanding Revolving Credit Exposure is greater than the Aggregate Revolving Loan Commitment, the

Borrower shall immediately make a mandatory prepayment of the Aggregate Outstanding Revolving Credit Exposure in an Equivalent Amount equal to such excess; *provided* that if such excess is caused solely by fluctuations in Exchange Rates, (a) no such prepayment will be required to the extent the Dollar Amount of such Aggregate Outstanding Revolving Credit Exposure in Foreign Currencies is not more than 105% of the Foreign Currency Sublimit or to the extent the Dollar Amount of the Aggregate Outstanding Revolving Credit Exposure is not more than 105% of the Aggregate Revolving Loan Commitment thereunder and (b) such excess will be calculated as of (i) the last Business Day of each calendar quarter, (ii) any other Business Day at the Administrative Agent's sole discretion during the continuation of a Default and (iii) each date of a Borrowing Request, Conversion/Continuation Notice and each request for the issuance or Modification of any Facility LC.

2.4.4 Mandatory Prepayments from Asset Sales

(a) To the extent required pursuant to Section 6.12.7, within 90 days before or 365 days after the receipt by the Borrower or any of its Subsidiaries of any Net Proceeds Amount from any Asset Sale, the Borrower shall prepay Term Loans in an aggregate amount equal to 100% of such Net Proceeds Amount; *provided* that if at the time that any such prepayment would be required, the Borrower is required to prepay or repurchase (or offer to prepay or repurchase) any other Senior Debt (other than the Term Loans), in each case pursuant to the terms of the documentation governing such Debt, with the Net Proceeds Amount from such Asset Sale (such other Senior Debt required to be prepaid or repurchased (or offered to be prepaid or repurchased, "**Other Applicable Debt**"), then the Borrower may apply such Net Proceeds Amount on a pro rata basis (determined on the basis of the aggregate outstanding principal amount of the Term Loans and Other Applicable Debt at such time; *provided, further* that the portion of such Net Proceeds Amount allocated to the Other Applicable Debt shall not exceed the amount of such Net Proceeds Amount required to be allocated to the Other Applicable Debt pursuant to the terms thereof, and the remaining amount, if any, of such Net Proceeds Amount shall be allocated to the Term Loans in accordance with the terms hereof) to the prepayment of the Term Loans and to the repurchase or prepayment of Other Applicable Debt, and the amount of prepayment of the Term Loans that would have otherwise been required pursuant to this Section 2.4.4(a) shall be reduced accordingly; *provided, further*, that to the extent the holders of Other Applicable Debt decline to have such Other Applicable Debt repurchased or prepaid, the declined amount shall promptly (and in any event within five (5) Business Days after the date of such rejection) be applied to prepay the Term Loans in accordance with the terms hereof.

(b) Each prepayment of Term Loans made pursuant to this Section 2.4.4 shall be (x) applied to the Initial Term Loans, (y) applied to the scheduled repayment installments of principal of the Initial Term Loans prescribed in Section 2.4.2 following the date of such prepayment in direct order of maturity and (z) paid to the Initial Term Lenders in accordance with their respective Pro Rata Shares of such prepayment.

(c) The Borrower shall notify the Administrative Agent in writing of any mandatory prepayment of Term Loans required to be made by the Borrower pursuant to

this Section 2.4.4 promptly, and in no event more than three (3) Business Days, following the event giving rise to such mandatory prepayment. Each such notice shall specify the date of such prepayment and provide a reasonably detailed calculation of the aggregate amount of such prepayment. The Administrative Agent will promptly notify each applicable Term Lender of the contents of the Borrower's prepayment notice and of such Term Lender's Pro Rata Share of the prepayment.

2.4.5 *Mandatory Prepayments of Eurocurrency Advances.* Mandatory prepayments of Eurocurrency Advances shall be accompanied by (a) accrued and unpaid interest thereon and (b) funding indemnification amounts pursuant to Section 3.4.

2.5 *Commitment Fee; Aggregate Revolving Loan Commitment; Incremental Term Loans; Additional Term Loans*

2.5.1 *The Commitment Fee.* The Borrower shall pay to the Administrative Agent, for the account of the Revolving Lenders in accordance with their Pro Rata Shares, from and after the Closing Date until the date on which the Aggregate Revolving Loan Commitment shall be terminated in whole, a commitment fee (the "**Commitment Fee**") accruing at the rate of the then Applicable Fee Rate on the daily average Available Aggregate Revolving Loan Commitment (*provided* that, for purposes of determining the Commitment Fee, all outstanding Swing Line Loans shall be excluded from the calculation of the Available Aggregate Revolving Loan Commitment). All such Commitment Fees payable hereunder shall be payable quarterly in arrears on each Payment Date; *provided* that if any Revolving Lender continues to have Outstanding Revolving Credit Exposure after the termination of its Revolving Loan Commitment, then the Commitment Fee shall continue to accrue and be due and payable pursuant to the terms hereof until such Outstanding Revolving Credit Exposure is reduced to zero.

2.5.2 *Reductions in Aggregate Revolving Loan Commitment.* The Borrower may permanently reduce the Aggregate Revolving Loan Commitment in whole, or in part, ratably among the Revolving Lenders in a minimum amount of \$5,000,000 (and in multiples of \$1,000,000 if in excess thereof) (or the Approximate Equivalent Amount if denominated in an Agreed Currency other than Dollars), upon at least three (3) Business Days' prior written notice to the Administrative Agent, which notice shall specify the amount of any such reduction, *provided, however*, that the amount of the Aggregate Revolving Loan Commitment may not be reduced below the Dollar Amount of the Aggregate Outstanding Revolving Credit Exposure. All accrued Commitment Fees shall be payable on the effective date of any termination of the Revolving Loan Commitments hereunder and on the final date upon which all Revolving Loans are repaid. For purposes of calculating the Commitment Fee hereunder, the principal amount of each Revolving Advance made in an Agreed Currency other than Dollars shall be at any time the Dollar Amount of such Revolving Advance as determined on the most recent Computation Date with respect to such Revolving Advance.

2.5.3 *Increase in Aggregate Revolving Loan Commitment; Incremental Term Loans; Additional Term Loans.* Subject to Section 2.5.1 and 2.5.2 and the other terms and conditions of this Agreement, at any time prior to the Maturity Date, the Borrower may, on the terms set forth below, request that (a) the initial Aggregate Revolving Loan Commitment hereunder be increased (each such increase being a "**Revolving Increase**"), (b) the aggregate

principal amount of the Initial Term Loans hereunder be increased (the loans borrowed pursuant to such increase being “**Incremental Term Loans**”) and (c) one or more additional tranches of term loans be issued hereunder on terms and conditions (including, without limitation, pricing, amortization, prepayment and related interest rate hedging) reasonably acceptable to the Administrative Agent (such additional term loans being “**Additional Term Loans**”); *provided, however*, that (i) the aggregate amount of all Revolving Increases, Incremental Term Loans and Additional Term Loans that shall be made and/or become effective shall not exceed \$350,000,000, (ii) an increase in the Aggregate Revolving Loan Commitment or issuance of Incremental Term Loans or Additional Term Loans hereunder may be made only at a time when no Default or Unmatured Default shall have occurred and be continuing or would result therefrom, (iii) no Lender’s Revolving Loan Commitment shall be increased, nor shall any Lender have any commitment to make any Incremental Term Loan or Additional Term Loan under this Section 2.5.3 without its consent and (iv) no Incremental Term Loan or Additional Term Loan shall mature earlier than the Maturity Date (but may have amortization prior to such date). In the event of a Revolving Increase or a borrowing of Incremental Term Loans or Additional Term Loans, any financial institution (other than an Ineligible Institution) which the Borrower and the Administrative Agent invite to become a Lender or to increase its Revolving Loan Commitment or to provide Incremental Term Loans or Additional Term Loans may set the amount of its Revolving Loan Commitment, Incremental Term Loan or Additional Term Loans, as applicable, at a level agreed to by the Borrower and the Administrative Agent (and the LC Issuers and the Swing Line Lender in the case of any increase in the Aggregate Revolving Loan Commitment). In the event that the Borrower, the Administrative Agent and one or more of the Lenders (or other financial institutions) (and the LC Issuers and the Swing Line Lender in the case of any increase in the Aggregate Revolving Loan Commitment) shall agree upon a Revolving Increase or a borrowing of Incremental Term Loans or Additional Term loans, (i) the Borrower, the Administrative Agent and each Lender or other financial institution increasing its Revolving Loan Commitment or extending a new Revolving Loan Commitment, an Incremental Term Loan or an Additional Term Loan (and the LC Issuers and the Swing Line Lender in the case of any increase in the Aggregate Revolving Loan Commitment) shall enter into an amendment to this Agreement setting forth the amounts of the Revolving Loan Commitments, Incremental Term Loans and/or Additional Term Loans, as applicable, as so increased, providing that the financial institutions extending new Revolving Loan Commitments, Incremental Term Loans or Additional Term Loans shall be Lenders for all purposes under this Agreement, and setting forth such additional provisions as the Administrative Agent shall consider reasonably appropriate and (ii) the Borrower shall execute, if requested, a new Note to each financial institution that is extending a new Revolving Loan Commitment, Incremental Term Loan or Additional Term Loan, or increasing its Revolving Loan Commitment. No such amendment shall require the approval or consent of any Lender whose Revolving Loan Commitment is not being increased and that is not making an Incremental Term Loan or Additional Term Loan. Upon the execution and delivery of such amendment as provided above, and upon satisfaction of such other conditions as the Administrative Agent may reasonably specify upon the request of the financial institutions that are extending new Revolving Loan Commitments and/or making Incremental Term Loans or Additional Term Loans (including, without limitation, the Administrative Agent administering the reallocation of any outstanding Revolving Loans ratably among the Lenders with Revolving Loan Commitments after giving effect to each Revolving Increase, and the delivery of certificates, evidence of corporate authority and legal opinions on behalf of the Borrower), this Agreement shall be deemed to be amended accordingly. Neither the Borrower, nor any Affiliate or Subsidiary of the Borrower, shall be permitted to become a Lender pursuant to this Section 2.5.3. In connection with any increase of the Revolving Loan Commitments or

the making of any Incremental Term Loans or Additional Term Loans pursuant to this Section 2.5.3, any financial institution becoming a party hereto that is not at such an existing Lender shall (1) execute such documents and agreements as the Administrative Agent may reasonably request and (2) in the case of any such financial institution that is organized under the laws of a jurisdiction outside of the United States of America, provide to the Administrative Agent, its name, address, tax identification number and/or such other information as shall be necessary for the Administrative Agent to comply with “know your customer” and anti-money laundering rules and regulations, including without limitation, the USA Patriot Act.

2.6 Minimum Amount of Each Advance

. Each Eurocurrency Advance shall be in the minimum amount of \$1,000,000 (and in multiples of \$100,000 if in excess thereof) (or the Approximate Equivalent Amounts if denominated in an Agreed Currency other than Dollars), and each Floating Rate Advance (other than a Swing Line Loan or an Advance to repay Swing Line Loans) shall be in the minimum amount of \$1,000,000 (and in multiples of \$100,000 if in excess thereof), *provided, however*, that any Floating Rate Advance consisting of Revolving Loans may be in the amount of the Available Aggregate Revolving Loan Commitment.

2.7 Optional Principal Payments

. The Borrower may from time to time pay, without penalty or premium, all outstanding Floating Rate Advances of any Class (other than Swing Line Loans), or any portion of the outstanding Floating Rate Advances of any Class (other than Swing Line Loans), in a minimum aggregate amount of \$1,000,000 or any integral multiple of \$1,000,000 in excess thereof, with prior notice delivered to the Administrative Agent no later than 11:00 a.m. (Local Time) one (1) Business Day prior to the date of any such anticipated repayment. The Borrower may at any time pay, without penalty or premium, all outstanding Swing Line Loans, or, in a minimum amount of \$100,000 and increments of \$100,000 in excess thereof, any portion of the outstanding Swing Line Loans, with notice to the Administrative Agent and the Swing Line Lender by 11:00 a.m. (Local time) on the date of any such repayment. The Borrower may from time to time pay, subject to the payment of any funding indemnification amounts required by Section 3.4 but without penalty or premium, all outstanding Eurocurrency Advances of any Class, or, in a minimum aggregate amount of \$1,000,000 or any integral multiple of \$1,000,000 in excess thereof (or the Approximate Equivalent Amount if denominated in an Agreed Currency other than Dollars), any portion of the outstanding Eurocurrency Advances of any Class, with notice delivered to the Administrative Agent no later than 12:00 noon (Local Time) three (3) Business Days prior to the date of any such anticipated repayment in the case of Eurocurrency Advances denominated in Dollars and four (4) Business Days prior to the date of any such anticipated repayment in the case of Eurocurrency Advances denominated in an Agreed Currency other than Dollars. Prepayments shall be accompanied by accrued and unpaid interest thereon.

2.8 Method of Selecting Types and Interest Periods for New Advances

. The Borrower shall select the Class and Type of each Advance and (x) in the case of each Eurocurrency Advance, the Interest Period and (y) in the case of each Revolving Advance that is a Eurocurrency Advance, the Agreed Currency applicable thereto from time to time; *provided* that there shall be no more than ten (10) Interest Periods in effect with respect to all of the Loans at any time, unless such limit has been waived by the Administrative Agent in its sole discretion. The Borrower shall give the Administrative Agent irrevocable written notice (a “**Borrowing Notice**”) not later than 11:00 a.m. (Local Time) on the Borrowing Date of each Floating Rate Advance (other than a Swing Line Loan),

three (3) Business Days before the Borrowing Date for each Eurocurrency Advance denominated in Dollars and four (4) Business Days before the Borrowing Date for each Eurocurrency Advance denominated in an Agreed Currency other than Dollars, specifying:

- (a) the Borrowing Date, which shall be a Business Day, of such Advance,
 - (b) the Class of such Advance,
 - (c) the aggregate amount of such Advance,
 - (d) the Type of Advance selected,
 - (e) in the case of each Eurocurrency Advance, the Interest Period applicable thereto,
 - (f) in the case of each Revolving Advance that is a Eurocurrency Advance, the Agreed Currency applicable thereto,
- and
- (g) the payment instructions for the account of the Borrower to which such Advance shall be credited.

The Borrower may not select an Interest Period that ends after the Maturity Date.

2.9 Conversion and Continuation of Outstanding Advances; No Conversion or Continuation of Eurocurrency Advances After Default

Floating Rate Advances (other than Swing Line Advances) shall continue as Floating Rate Advances unless and until such Floating Rate Advances are converted into Eurocurrency Advances pursuant to this Section 2.9, are prepaid in accordance with Section 2.4.4 or are repaid in accordance with Section 2.4.2 or Section 2.7. Each Eurocurrency Advance shall continue as a Eurocurrency Advance until the end of the then applicable Interest Period therefor, at which time:

2.9.1 each such Eurocurrency Advance denominated in Dollars shall be automatically converted into a Floating Rate Advance unless (x) such Eurocurrency Advance is or was prepaid in accordance with Section 2.4.4 or repaid in accordance with Section 2.4.2 or Section 2.7 or (y) the Borrower shall have given the Administrative Agent a Conversion/Continuation Notice (as defined below) requesting that, at the end of such Interest Period, such Eurocurrency Advance either continue as a Eurocurrency Advance for the same or another Interest Period or be converted into a Floating Rate Advance; and

2.9.2 each such Eurocurrency Advance denominated in an Agreed Currency other than Dollars shall be automatically converted into a Eurocurrency Advance in the same Agreed Currency with an Interest Period of one month unless (x) such Eurocurrency Advance is or was repaid in accordance with Section 2.4.2 or Section 2.7 or (y) the Borrower shall have given the Administrative Agent a Conversion/Continuation Notice (as defined below) requesting that, at the end of such Interest Period, such Eurocurrency Advance continue as a Eurocurrency Advance for the same or another Interest Period.

Subject to the terms of Section 2.6 and the payment of any funding indemnification amounts required by Section 3.4, the Borrower may elect from time to time to convert all or any part of an Advance of

any Type (other than a Swing Line Advance) into any other Type or Types of Advances denominated in the same or any other Agreed Currency; *provided* that any conversion of any Eurocurrency Advance shall be made on, and only on, the last day of the Interest Period applicable thereto. Notwithstanding anything to the contrary contained in this Section 2.9 during the continuance of a Default or an Unmatured Default, the Administrative Agent may (or shall at the direction of the Required Lenders), by notice to the Borrower, declare that no Advance may be made as, converted to or, following the expiration of any Interest Periods then in effect, continued as a Eurocurrency Advance. The Borrower shall give the Administrative Agent irrevocable notice (a “**Conversion/Continuation Notice**”) of (i) each conversion of an Advance to a Floating Rate Advance not later than 11:00 a.m. (Local Time) on the date of the requested conversion and (ii) each conversion of an Advance to, or continuation of, a Eurocurrency Advance not later than 12:00 noon (Local Time) three (3) Business Days, in the case of a conversion into or continuation of, a Eurocurrency Advance denominated in Dollars, or four (4) Business Days, in the case of a conversion into or continuation of a Eurocurrency Advance denominated in an Agreed Currency other than Dollars, prior to the date of the requested conversion or continuation, specifying:

(a) the requested date, which shall be a Business Day, of such conversion or continuation, and

(b) the amount and Type(s) of Advance(s) into which such Advance is to be converted or continued and (x) in the case of a conversion into or continuation of a Eurocurrency Advance, the duration of the Interest Period applicable thereto and (y) in the case of a Revolving Advance that is a Eurocurrency Advance, the Agreed Currency into which such Advance is to be converted or continued.

2.10 *Method of Borrowing*

. On each Borrowing Date, each applicable Lender shall make available its Loan or Loans, if any, (a) if such Loan is denominated in Dollars, not later than 12:00 noon (New York City time), in Federal or other funds immediately available to the Administrative Agent, in New York, New York at its address specified in or pursuant to Article XIII and, (b) if such Loan is denominated in an Agreed Currency other than Dollars, not later than 12:00 noon (Local Time) in the city of the Administrative Agent’s Eurocurrency Payment Office for such currency, in such funds as may then be customary for the settlement of international transactions in such currency in the city of and at the address of the Administrative Agent’s Eurocurrency Payment Office for such currency. Unless the Administrative Agent determines that any applicable condition specified in Article IV has not been satisfied, the Administrative Agent will make the funds so received from the Lenders available to the Borrower at the Administrative Agent’s aforesaid address or, if applicable, to the Borrower’s account specified on the applicable Borrowing Notice. Notwithstanding the foregoing provisions of this Section 2.10, to the extent that a Revolving Loan made by a Lender matures on the Borrowing Date of a requested Revolving Loan, such Lender shall apply the proceeds of the Revolving Loan it is then making to the repayment of principal of the maturing Revolving Loan.

2.11 *Changes in Interest Rate, etc.*

Each Floating Rate Advance (other than a Swing Line Advance) shall bear interest on the outstanding principal amount thereof, for each day from and including the date such Advance is made or is automatically converted from a Eurocurrency Advance into a Floating Rate Advance pursuant to Section 2.9, to but excluding the date it is paid or is converted into a Eurocurrency Advance pursuant to Section 2.9 hereof, at a rate per annum equal to the Floating Rate for such day. Each Swing Line Loan

shall bear interest on the outstanding principal amount thereof, for each day from and including the day such Swing Line Loan is made to but excluding the date it is fully paid at a rate per annum elected by the Borrower in accordance with Section 2.3.2. Changes in the rate of interest on that portion of any Advance maintained as a Floating Rate Advance will take effect simultaneously with each change in the Alternate Base Rate. Each Eurocurrency Advance shall bear interest on the outstanding principal amount thereof from and including the first day of the Interest Period applicable thereto to (but not including) the last day of such Interest Period at the Eurocurrency Rate determined by the Administrative Agent as applicable to such Eurocurrency Advance based upon the Borrower's selections under Sections 2.8 and 2.9 and otherwise in accordance with the terms hereof. No Interest Period in respect of any Loan may end after the Maturity Date.

2.12 Rates Applicable After Default

. During the continuance of a Default the Required Lenders may, at their option, by notice to the Borrower (which notice may be revoked at the option of the Required Lenders notwithstanding any provision of Section 8.2 requiring unanimous consent of the Lenders to changes in interest rates), declare that (a) each Eurocurrency Advance shall bear interest for the remainder of the applicable Interest Period at a rate per annum equal to the Floating Rate in effect from time to time plus 2% per annum, (b) each Floating Rate Advance and each Swing Line Loan shall bear interest at a rate per annum equal to the Floating Rate in effect from time to time plus 2% per annum, and (c) the LC Fee described in the first sentence of Section 2.24.4 shall be increased to a rate per annum equal to the Floating Rate in effect from time to time plus 2% per annum; *provided* that, during the continuance of a Default under Section 7.2, 7.3 (solely arising as a result of a breach of Section 6.20 or 6.21), 7.6 or 7.7, the interest rates set forth in clauses (a) and (b) above and the increase in the LC Fee set forth in clause (c) above shall be applicable to all Credit Extensions, Advances, fees and other Obligations hereunder without any election or action on the part of the Administrative Agent, any LC Issuer or any Lender.

2.13 Method of Payment; Unavailability of Original Currency

2.13.1 *Method of Payment.* Each Advance shall be repaid and each payment of interest thereon shall be paid in the currency in which such Advance was made or, where such currency has converted to euro, in euro. All payments of the Obligations hereunder shall be made, without setoff, deduction, or counterclaim, in immediately available funds to the Administrative Agent at (except as set forth in the next sentence) the Administrative Agent's address specified pursuant to Article XIII, or at any other Lending Installation of the Administrative Agent specified in writing by the Administrative Agent to the Borrower, by 12:00 noon (Local Time) on the date when due and shall (except with respect to repayments of Swing Line Loans, and except in the case of Reimbursement Obligations for which any LC Issuer has not been fully indemnified by the Lenders, or as otherwise specifically required hereunder) be applied ratably by the Administrative Agent among the Lenders. All payments to be made by the Borrower hereunder in any currency other than Dollars shall be made in such currency on the date due in such funds as may then be customary for the settlement of international transactions in such currency for the account of the Administrative Agent, at its Eurocurrency Payment Office for such currency and shall be applied ratably by the Administrative Agent among the Lenders. Each payment delivered to the Administrative Agent for the account of any Lender shall be delivered promptly by the Administrative Agent to such Lender in the same type of funds that the Administrative Agent received at, (a) with respect to Floating Rate Loans and Eurocurrency

Loans denominated in Dollars, its address specified pursuant to Article XIII or at any Lending Installation specified in a notice received by the Administrative Agent from such Lender and (b) with respect to Eurocurrency Loans denominated in an Agreed Currency other than Dollars, in the funds received from the Borrower at the address of the Administrative Agent's Eurocurrency Payment Office for such currency. The Administrative Agent is hereby authorized to charge the account of the Borrower maintained with BTMU for each payment of the Obligations as it becomes due hereunder. Each reference to the Administrative Agent in this Section 2.13 shall also be deemed to refer, and shall apply equally, to the LC Issuers in the case of payments required to be made by the Borrower to the LC Issuers pursuant to Section 2.24.6.

2.13.2 *Unavailability of Original Currency.* Notwithstanding the foregoing provisions of this Section, if, after the making of any Advance in any currency other than Dollars, currency control or exchange regulations are imposed in the country which issues such currency with the result that the type of currency in which the Advance was made (the "**Original Currency**") no longer exists or the Borrower is not able to make payment to the Administrative Agent for the account of the Lenders in such Original Currency, then all payments to be made by the Borrower hereunder in such currency shall instead be made when due in Dollars in an amount equal to the Dollar Amount (as of the date of repayment) of such payment due, it being the intention of the parties hereto that the Borrower take all risks of the imposition of any such currency control or exchange regulations.

2.14 [RESERVED]

2.15 *Noteless Agreement; Evidence of Indebtedness*

(a) Each Lender shall maintain in accordance with its usual practice an account or accounts evidencing the indebtedness of the Borrower to such Lender resulting from each Loan made by such Lender from time to time, including the amounts of principal and interest payable and paid to such Lender from time to time hereunder.

(b) The Administrative Agent shall also maintain accounts in which it will record (i) the date and the amount of each Loan made hereunder, the Class, Agreed Currency and Type thereof and the Interest Period (in the case of a Eurocurrency Advance) with respect thereto, (ii) the amount of any principal or interest due and payable or to become due and payable from the Borrower to each Lender hereunder, (iii) the original stated amount of each Facility LC and the amount of LC Obligations outstanding at any time, (iv) the effective date and amount of each Assignment Agreement delivered to and accepted by it and the parties thereto pursuant to Section 12.3, (v) the amount of any sum received by the Administrative Agent hereunder from the Borrower and each Lender's share thereof, and (vi) all other appropriate debits and credits as provided in this Agreement, including, without limitation, all fees, charges, expenses and interest.

(c) The entries maintained in the accounts maintained pursuant to paragraphs (a) and (b) above shall be prima facie evidence of the existence and amounts of the Obligations therein recorded; *provided, however*, that the failure of the

Administrative Agent or any Lender to maintain such accounts or any error therein shall not in any manner affect the obligation of the Borrower to repay the Obligations in accordance with their terms.

(d) Any Lender may request that its Term Loans, Revolving Loans or, in the case of the Swing Line Lender, the Swing Line Loans, be evidenced by promissory notes (the “Notes”) in substantially the form of Exhibit C (in the case of Term Loans) or Exhibit D (in the case of Revolving Loans and/or Swing Line Loans), with appropriate changes for notes evidencing Swing Line Loans. In such event, the Borrower shall prepare, execute and deliver to such Lender such Note(s) payable to the order of such Lender or its registered assigns. Thereafter, the Loans evidenced by such Notes and interest thereon shall at all times (prior to any assignment pursuant to Section 12.3) be represented by one or more Notes payable to the order of the payee named therein, except to the extent that any such Lender subsequently returns any such Note(s) for cancellation and requests that such Loans once again be evidenced as described in paragraphs (a) and (b) above. No such substitutions, amendments and restatements shall constitute or effect a repayment, refinancing or novation of the amounts evidenced by the Notes but rather a modification and substitution of their respective terms.

2.16 Telephonic Notices

. The Borrower hereby authorizes the Lenders and the Administrative Agent to extend, convert or continue Advances, effect selections of Classes and Types of Advances (other than in respect of Advances denominated in Foreign Currencies) and to transfer funds based on telephonic notices made by any person or persons the Administrative Agent or any Lender in good faith believes to be acting on behalf of the Borrower, it being understood that the foregoing authorization is specifically intended to allow Borrowing Notices and Conversion/Continuation Notices to be given telephonically. The Borrower agrees to deliver promptly to the Administrative Agent a written confirmation, signed by an Authorized Officer of the Borrower, if such confirmation is requested by the Administrative Agent or any Lender, of each telephonic notice. If the written confirmation differs in any material respect from the action taken by the Administrative Agent and the Lenders, the records of the Administrative Agent and the Lenders shall govern absent manifest error.

2.17 Interest Payment Dates; Interest and Fee Basis

. Interest accrued on each Floating Rate Advance (other than a Swing Line Loan) shall be payable in arrears on the Closing Date and each Payment Date, commencing with the first Payment Date to occur after the Closing Date, on any date on which the Floating Rate Advance is prepaid, whether due to acceleration or otherwise, and at maturity. Interest accrued on that portion of the outstanding principal amount of any Floating Rate Advance converted into a Eurocurrency Advance on a day other than a Payment Date shall be payable on the date of conversion. Interest accrued on each Eurocurrency Advance shall be payable on the last day of its applicable Interest Period, on any date on which the Eurocurrency Advance is prepaid, whether by acceleration or otherwise, and at maturity. Interest accrued on each Eurocurrency Advance having an Interest Period longer than three (3) months shall also be payable on the last day of each three-month interval during such Interest Period. Interest accrued on each Swing Line Loan shall be payable on the last day of each calendar month (including the first day of such month but not including the last day of such month) and on the Maturity Date (it being understood and agreed that the Borrower shall pay any accrued and unpaid interest in respect of the Existing Swing Line Loans upon the first of such dates to occur after the Closing Date). Interest on Eurocurrency Advances,

Swing Line Loans, LC Fees and all other fees hereunder shall be calculated for actual days elapsed on the basis of a 360-day year, except for interest on Revolving Loans denominated in British Pounds Sterling or determined by reference to the Prime Rate, which shall be calculated for actual days elapsed on the basis of a 365/366-day year. Interest on Floating Rate Advances (other than Swing Line Loans) shall be calculated for actual days elapsed on the basis of a 365/366-day year. Interest shall be payable for the day an Advance is made but not for the day of any payment on the amount paid if payment is received prior to 12:00 noon (Local Time) at the place of payment. If any payment of principal or of interest on an Advance, any fees or any other amounts payable to the Administrative Agent or any Lender hereunder shall become due on a day which is not a Business Day, such payment shall be made on the next succeeding Business Day and, in the case of a principal payment, such extension of time shall be included in computing interest, fees and commissions in connection with such payment.

2.18 Notification of Advances, Interest Rates, Prepayments and Commitment Reduction

. Promptly after receipt thereof, the Administrative Agent will notify each Lender of the contents of each Aggregate Revolving Loan Commitment reduction notice, Borrowing Notice, Swing Line Borrowing Notice, Conversion/Continuation Notice, and repayment notice received by it hereunder. Promptly after notice from the applicable LC Issuer, the Administrative Agent will notify each Lender of the contents of each request for issuance of a Facility LC hereunder. The Administrative Agent will notify the Borrower and each Lender of the interest rate applicable to each Eurocurrency Advance promptly upon determination of such interest rate and will give the Borrower and each Lender prompt notice of each change in the Alternate Base Rate applicable to any outstanding Advance.

2.19 Lending Installations

2.19.1 Each Lender may book its Revolving Loans denominated in an Agreed Currency other than Dollars at the appropriate Lending Installation listed on the administrative information sheets provided to the Administrative Agent in connection herewith or such other Lending Installation designated by such Lender in accordance with the final sentence of this Section 2.19.1. All terms of this Agreement shall apply to any such Lending Installation and the Revolving Loans denominated in an Agreed Currency other than Dollars and any Notes evidencing such Revolving Loans issued hereunder shall be deemed held by each Lender for the benefit of any such Lending Installation. Each Lender may, by written notice to the Administrative Agent and the Borrower in accordance with Article XIII, designate replacement or additional Lending Installations through which such Revolving Loans will be made by it and for whose account such Revolving Loan payments are to be made.

2.19.2 Except for Revolving Loans denominated in an Agreed Currency other than Dollars, each Lender may book its Loans and its participation in any LC Obligations and the LC Issuers may book the Facility LCs issued by it at any Lending Installation selected by such Lender or LC Issuer, as applicable, and may change its Lending Installation from time to time. All terms of this Agreement shall apply to any such Lending Installation and the Loans, Facility LCs, participations in LC Obligations and any Notes evidencing a Loan issued hereunder shall be deemed held by each Lender or LC Issuer, as applicable, for the benefit of any such Lending Installation. Each Lender and LC Issuer may, by written notice to the Administrative Agent and the Borrower in accordance with Article XIII, designate replacement or additional Lending Installations through which Loans will be made by it or Facility LCs will be issued by it and for

whose account Loan payments or payments with respect to Facility LCs are to be made. In addition, each such Lender that books its Loans and its participation in any LC Obligations at any Lending Installation and each LC Issuer that books the Facility LCs issued by it at any Lending Installation as provided in this Section 2.19, (i) shall keep a register for the registration relating to each such Loan, LC Obligation and Facility LC, as applicable, specifying such Lending Installation's name, address and entitlement to payments of principal and interest or any other payments with respect to such Loan, LC Obligation and Facility LC, as applicable, and each transfer thereof and the name and address of each transferee and (ii) shall collect, prior to the time such Lending Installation receives payment with respect to such Loans, LC Obligations and Facility LCs, as applicable as the case may be, from each such Lending Installation, the appropriate forms, certificates, and statements described in Section 3.5 (and updated as required by Section 3.5) as if Lending Installation were a Lender under Section 3.5.

2.20 Non-Receipt of Funds by the Administrative Agent

. Unless the Borrower or a Lender, as the case may be, notifies the Administrative Agent prior to the date on which it is scheduled to make payment to the Administrative Agent of (a) in the case of a Lender, the proceeds of a Loan or (b) in the case of the Borrower, a payment of principal, interest or fees to the Administrative Agent for the account of the Lenders, that it does not intend to make such payment, the Administrative Agent may assume that such payment has been made. The Administrative Agent may, but shall not be obligated to, make the amount of such payment available to the intended recipient in reliance upon such assumption. If such Lender or the Borrower, as the case may be, has not in fact made such payment to the Administrative Agent, the recipient of such payment shall, on demand by the Administrative Agent, repay to the Administrative Agent the amount so made available together with interest thereon in respect of each day during the period commencing on the date such amount was so made available by the Administrative Agent until the date the Administrative Agent recovers such amount at a rate per annum equal to (x) in the case of payment by a Lender, the greater of (i) the Federal Funds Effective Rate for such day for the first three days and, thereafter, the interest rate applicable to the relevant Loan and (ii) a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation (including without limitation the Overnight Foreign Currency Rate in the case of Revolving Loans denominated in an Agreed Currency other than Dollars) or (y) in the case of payment by the Borrower, the interest rate applicable to the relevant Loan.

2.21 Market Disruption

. Notwithstanding the satisfaction of all conditions referred to in Article II and Article IV with respect to any Revolving Advance in any Agreed Currency other than Dollars, if there shall occur on or prior to the date of such Advance any change in national or international financial, political or economic conditions or currency exchange rates or exchange controls which would in the reasonable opinion of the Administrative Agent or the Required Lenders make it impracticable for the Eurocurrency Loans comprising such Revolving Advance to be denominated in the Agreed Currency specified by the Borrower, then the Administrative Agent shall forthwith give notice thereof to the Borrower and the Lenders, and such Revolving Loans shall not be denominated in such Agreed Currency but shall be made on such Borrowing Date in Dollars, in an aggregate principal amount equal to the Dollar Amount of the aggregate principal amount specified in the related Borrowing Notice or Conversion/Continuation Notice, as the case may be, as Floating Rate Loans, unless the Borrower notifies the Administrative Agent at least one Business Day before such date that (a) it elects not to borrow on such date or (b) it elects to borrow on such date in a different Agreed Currency, *provided* that (i) the denomination of such Revolving Loans in such different Agreed Currency would in the opinion of the Administrative Agent and the Required

Revolving Lenders be practicable and (ii) such borrowing shall be in an aggregate principal amount equal to the Dollar Amount of the aggregate principal amount specified in the related Borrowing Notice or Conversion/Continuation Notice, as the case may be.

2.22 Judgment Currency

. If for the purposes of obtaining judgment in any court it is necessary to convert a sum due from the Borrower hereunder in the currency expressed to be payable herein (the “**specified currency**”) into another currency, the parties hereto agree, to the fullest extent that they may effectively do so, that the rate of exchange used shall be that at which in accordance with normal banking procedures the Administrative Agent could purchase the specified currency with such other currency at the Administrative Agent’s main New York City office on the Business Day preceding that on which final, non-appealable judgment is given. The obligations of the Borrower in respect of any sum due to any Lender or the Administrative Agent hereunder shall, notwithstanding any judgment in a currency other than the specified currency, be discharged only to the extent that on the Business Day following receipt by such Lender or the Administrative Agent (as the case may be) of any sum adjudged to be so due in such other currency such Lender or the Administrative Agent (as the case may be) may in accordance with normal, reasonable banking procedures purchase the specified currency with such other currency. If the amount of the specified currency so purchased is less than the sum originally due to such Lender or the Administrative Agent, as the case may be, in the specified currency, the Borrower agrees, to the fullest extent that it may effectively do so, as a separate obligation and notwithstanding any such judgment, to indemnify such Lender or the Administrative Agent, as the case may be, against such loss, and if the amount of the specified currency so purchased exceeds (a) the sum originally due to any Lender or the Administrative Agent, as the case may be, in the specified currency and (b) any amounts shared with other Lenders as a result of allocations of such excess as a disproportionate payment to such Lender under Section 12.2, such Lender or the Administrative Agent, as the case may be, agrees to remit such excess to the Borrower.

2.23 Replacement of Lender

. If (a) the Borrower is required pursuant to Section 3.1, 3.2 or 3.5 to make any additional or increased payment to any Lender, (b) if any Lender’s obligation to make or continue, or to convert Floating Rate Advances into, Eurocurrency Advances shall be suspended pursuant to Section 3.3, (c) any Lender refuses to consent to certain proposed changes, waivers, discharges or terminations with respect to this Agreement requiring the consent of all Lenders (or all affected Lenders) pursuant to Section 8.2 and the same have been approved by the Required Lenders, or (d) any Lender becomes a Defaulting Lender (any Lender in clauses (a) through (d) above being an “**Affected Lender**”) the Borrower may elect, if such amounts continue to be charged or such suspension is still effective or such Lender remains a Defaulting Lender, to replace the Commitments of such Affected Lender, *provided* that no Default or Unmatured Default shall have occurred and be continuing at the time of such replacement, and *provided* that any assignment resulting from a claim for compensation for payments under Section 3.5 will result in a reduction in such compensation or payments thereafter, and *provided, further* that, concurrently with such replacement, (i) another bank or other entity (other than any Ineligible Institution) which is reasonably satisfactory to the Borrower and the Administrative Agent and the LC Issuers shall agree, as of such date, to purchase for cash the outstanding Term Loans and the Outstanding Revolving Credit Exposure of the Affected Lender pursuant to an Assignment Agreement and to become a Lender for all purposes under this Agreement and to assume all obligations of the Affected Lender to be replaced as of such date and to comply with the requirements of Section 12.3 applicable to assignments (*provided* that no consent of the Affected Lender shall be required for such assignment), and (ii) the

Borrower shall pay to such Affected Lender in immediately available funds on the day of such replacement (A) all interest, fees and other amounts then accrued but unpaid to such Affected Lender by the Borrower hereunder to and including the date of replacement, including without limitation payments due to such Affected Lender under Sections 3.1, 3.2 and 3.5, and (B) an amount, if any, equal to the payment which would have been due to such Lender on the day of such replacement under Section 3.4 had the Loans of such Affected Lender been prepaid on such date rather than sold to the replacement Lender, in each case to the extent not paid by the replacement Lender.

2.24 Facility LCs

2.24.1 *Issuance.* The LC Issuers hereby agree, on the terms and conditions set forth in this Agreement, to issue commercial and standby Letters of Credit in Dollars (each, a “**Facility LC**”) and to renew, extend, increase, decrease or otherwise modify each Facility LC (“**Modify**,” and each such action, a “**Modification**”), from time to time from and including the Closing Date and prior to the Maturity Date upon the request of the Borrower; *provided* that immediately after each such Facility LC is issued or Modified, (a) the aggregate amount of the outstanding LC Obligations shall not exceed the Facility LC Sublimit and (b) the Dollar Amount of the Aggregate Outstanding Revolving Credit Exposure shall not exceed the Aggregate Revolving Loan Commitment. No Facility LC shall have an expiry date later than the earlier of (x) the fifth Business Day prior to the Maturity Date (unless at the time of issuance or Modification of such Facility LC, such Facility LC has been cash collateralized to the reasonable satisfaction of the applicable LC Issuer in accordance with the procedures set forth in Section 2.24.11) and (y) one year after its issuance or Modification; *provided* that any Facility LC with a one-year tenor may provide for the renewal thereof for additional one year periods (which shall in no event extend beyond the date referred to in clause (x) above). All Existing Facility LCs shall be deemed to have been issued pursuant to this Agreement and from and after the Closing Date shall be subject to and governed by the terms and conditions hereof. Notwithstanding anything herein to the contrary, no LC Issuer shall have any obligation hereunder to issue, and shall not issue, any Facility LC the proceeds of which would be made available to any Person (i) to fund any activity or business of or with any Sanctioned Person, or in any country or territory that, at the time of such funding, is the subject of any Sanctions or (ii) in any manner that would result in a violation of any Sanctions by any party to this Agreement.

2.24.2 *Participations.* Upon the issuance or Modification by the applicable LC Issuer of a Facility LC in accordance with this Section 2.24, such LC Issuer shall be deemed, without further action by any party hereto, to have unconditionally and irrevocably sold to each Revolving Lender, and each Revolving Lender shall be deemed, without further action by any party hereto, to have unconditionally and irrevocably purchased from such LC Issuer, a participation in such Facility LC (and each Modification thereof) and the related LC Obligations in proportion to its Pro Rata Share.

2.24.3 *Notice.* The Borrower shall give the applicable LC Issuer notice prior to 10:00 a.m. (New York City time) at least five Business Days prior to the proposed date of issuance or Modification of each Facility LC (or such shorter period as shall be agreed to by the Borrower, the Administrative Agent and the LC Issuers), specifying the beneficiary, the proposed date of issuance (or Modification) and the expiry date of such Facility LC, and describing the proposed terms of such Facility LC and the nature of the transactions proposed to be supported

thereby. The applicable LC Issuer shall promptly notify the Administrative Agent, and, upon issuance only, the Administrative Agent shall promptly notify each Revolving Lender, of the contents thereof and of the amount of such Revolving Lender's participation in such Facility LC. The issuance or Modification by any LC Issuer of any Facility LC shall, in addition to the conditions precedent set forth in Article IV (the satisfaction of which such LC Issuer shall have no duty to ascertain), be subject to the conditions precedent that such Facility LC shall be satisfactory to such LC Issuer and that the Borrower shall have executed and delivered such application agreement and/or such other instruments and agreements relating to such Facility LC as such LC Issuer shall have reasonably requested (each, a "**Facility LC Application**"). In the event of any conflict between the terms of this Agreement and the terms of any Facility LC Application, the terms of this Agreement shall control.

2.24.4 *LC Fees.* The Borrower shall pay to the Administrative Agent, for the account of the Revolving Lenders ratably in accordance with their respective Pro Rata Shares, (a) with respect to each standby Facility LC, a letter of credit fee at a per annum rate equal to the Applicable Margin for Eurocurrency Loans that are Revolving Loans in effect from time to time on the average daily undrawn amount under such Facility LC, such fee to be payable in arrears on each Payment Date, and (b) with respect to each commercial Facility LC, a one-time letter of credit fee in an amount to be agreed upon between the Borrower and the applicable LC Issuer based upon the initial stated amount (or, with respect to a Modification of any such commercial Facility LC which increases the stated amount thereof, such increase in the stated amount) thereof, such fee to be payable on the date of such issuance or increase. The Borrower shall also pay to each LC Issuer for its own account (x) at the time of such LC Issuer's issuance of any standby Facility LC, a fronting fee in an amount equal to 0.125% multiplied by the face amount of such standby Facility LC, and (y) documentary and processing charges in connection with the issuance, or Modification cancellation, negotiation, or transfer of, and draws under Facility LCs in accordance with the applicable LC Issuer's standard schedule for such charges as in effect from time to time. Each fee described in this Section 2.24.4 shall constitute an "**LC Fee**".

2.24.5 *Administration; Reimbursement by Revolving Lenders.* Upon receipt from the beneficiary of any Facility LC of any demand for payment under such Facility LC, the applicable LC Issuer shall notify the Administrative Agent and the Administrative Agent shall promptly notify the Borrower and each other Revolving Lender as to the amount to be paid by such LC Issuer as a result of such demand and the proposed payment date to such beneficiary (the "**LC Payment Date**"); *provided, however,* that the failure of such LC Issuer to so notify the Borrower shall not in any manner affect the obligations of the Borrower to reimburse such LC Issuer pursuant to Section 2.24.6. The responsibility of each LC Issuer to the Borrower and each Revolving Lender shall be only to determine that the documents (including each demand for payment) delivered under each Facility LC issued by such LC Issuer in connection with such presentment shall be in conformity in all material respects with such Facility LC. Each LC Issuer shall endeavor to exercise the same care in the issuance and administration of the Facility LCs issued by such LC Issuer as it does with respect to Letters of Credit in which no participations are granted, it being understood that in the absence of any gross negligence or willful misconduct as by the applicable LC Issuer as determined in a final non-appealable judgment by a court of competent jurisdiction, each Revolving Lender shall be unconditionally and irrevocably liable without regard to the occurrence of any Default or any condition precedent whatsoever, to reimburse such LC Issuer on demand for (a) such Revolving Lender's Pro Rata Share of the amount of each payment made by such LC Issuer under each Facility LC issued by such LC Issuer to the extent such amount is not reimbursed by the Borrower pursuant to Section 2.24.6

below, *plus* (b) interest on the foregoing amount to be reimbursed by such Revolving Lender, for each day from the date of the applicable LC Issuer's demand for such reimbursement (or, if such demand is made after 11:00 a.m. (New York City time) on such date, from the next succeeding Business Day) to the date on which such Revolving Lender pays the amount to be reimbursed by it, at a rate of interest per annum equal to the Federal Funds Effective Rate for the first three days and, thereafter, at a rate of interest equal to the rate applicable to Floating Rate Advances. In the event any LC Issuer shall receive any payment from any Revolving Lender pursuant to this Section 2.24.5, the Administrative Agent (acting for this purpose solely as agent of the Borrower) (i) shall keep a register for the registration relating to each such Reimbursement Obligation, specifying such participating Revolving Lender's name, address and entitlement to payments with respect to such participating Revolving Lender's share of the principal amount of any Reimbursement Obligation and interest thereon with respect to its respective participations, and each transfer thereof and the name and address of each transferee and (ii) shall collect, prior to the time such participating Revolving Lender receives payment with respect to such participation, from each such participating Revolving Lender the appropriate forms, certificates, and statements described in Section 3.5 (and updated as required by Section 3.5) as if such participating Revolving Lender were a Lender under Section 3.5.

2.24.6 Reimbursement by Borrower. The Borrower shall be irrevocably and unconditionally obligated to reimburse the LC Issuers on or before the applicable LC Payment Date for any amounts to be paid by any LC Issuer upon any drawing under any Facility LC issued by such LC Issuer, without presentment, demand, protest or other formalities of any kind; *provided* that neither the Borrower nor any Revolving Lender shall hereby be precluded from asserting any claim for direct (but not consequential) damages suffered by the Borrower or such Revolving Lender to the extent, but only to the extent, caused by (a) the willful misconduct or gross negligence of the applicable LC Issuer, as determined in a final non-appealable judgment by a court of competent jurisdiction, in determining whether a request presented under any Facility LC issued by it complied with the terms of such Facility LC or (b) the applicable LC Issuer's failure to pay under any Facility LC issued by it after the presentation to it of a request strictly complying with the terms and conditions of such Facility LC. All such amounts paid by any LC Issuer and remaining unpaid by the Borrower shall bear interest, payable on demand, for each day until paid at a rate per annum equal to (x) the rate applicable to Floating Rate Advances for such day if such day falls on or before the applicable LC Payment Date and (y) the sum of 2% *plus* the rate applicable to Floating Rate Advances for such day if such day falls after such LC Payment Date. Each LC Issuer will pay to each Revolving Lender ratably in accordance with its Pro Rata Share all amounts received by it from the Borrower for application in payment, in whole or in part, of the Reimbursement Obligation in respect of any Facility LC issued by such LC Issuer, but only to the extent such Revolving Lender has made payment to such LC Issuer in respect of such Facility LC pursuant to Section 2.24.5. Subject to the terms and conditions of this Agreement (including, without limitation, the submission of a Borrowing Notice in compliance with Section 2.9 and the satisfaction of the applicable conditions precedent set forth in Article IV), the Borrower may request a Revolving Advance hereunder for the purpose of satisfying any Reimbursement Obligation.

2.24.7 Obligations Absolute. The Borrower's obligations under this Section 2.24 shall be absolute and unconditional under any and all circumstances and irrespective of any setoff, counterclaim or defense to payment which the Borrower may have or have had against any LC Issuer, any Revolving Lender or any beneficiary of a Facility LC. The Borrower further agrees with the LC Issuers and the Revolving Lenders that the LC Issuers and the Revolving

Lenders shall not be responsible for, and the Borrower's Reimbursement Obligation in respect of any Facility LC shall not be affected by, among other things, the validity or genuineness of documents or of any endorsements thereon, even if such documents should in fact prove to be in any or all respects invalid, fraudulent or forged, or any dispute between or among the Borrower, any of its Affiliates, the beneficiary of any Facility LC or any financing institution or other party to whom any Facility LC may be transferred or any claims or defenses whatsoever of the Borrower or of any of its Affiliates against the beneficiary of any Facility LC or any such transferee. No LC Issuer shall be liable for any error, omission, interruption or delay in transmission, dispatch or delivery of any message or advice, however transmitted, in connection with any Facility LC. The Borrower agrees that any action taken or omitted by any LC Issuer or any Revolving Lender under or in connection with each Facility LC and the related drafts and documents, if done without gross negligence or willful misconduct as determined in a final non-appealable judgment by a court of competent jurisdiction, shall be binding upon the Borrower and shall not put any LC Issuer or any Revolving Lender under any liability to the Borrower. Nothing in this Section 2.24.7 is intended to limit the right of the Borrower to make a claim against any LC Issuer for damages as contemplated by the proviso to the first sentence of Section 2.24.6.

2.24.8 Actions of LC Issuers. Each LC Issuer shall be entitled to rely, and shall be fully protected in relying, upon any Facility LC, draft, writing, resolution, notice, consent, certificate, affidavit, letter, cablegram, telegram, telecopy, telex or teletype message, statement, order or other document believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons, and upon advice and statements of legal counsel, independent accountants and other experts selected by such LC Issuer. Each LC Issuer shall be fully justified in failing or refusing to take any action under this Agreement unless it shall first have received such advice or concurrence of the Required Revolving Lenders as it reasonably deems appropriate or it shall first be indemnified to its reasonable satisfaction by the Revolving Lenders against any and all liability and expense which may be incurred by it by reason of taking or continuing to take any such action. Notwithstanding any other provision of this Section 2.24, each LC Issuer shall in all cases be fully protected in acting, or in refraining from acting, under this Agreement in accordance with a request of the Required Revolving Lenders, and such request and any action taken or failure to act pursuant thereto shall be binding upon the Revolving Lenders and any future holders of a participation in any Facility LC.

2.24.9 Indemnification. The Borrower hereby agrees to indemnify and hold harmless each Revolving Lender, each LC Issuer and the Administrative Agent, and their respective directors, officers, agents and employees from and against any and all claims and damages, losses, liabilities, reasonable costs or expenses which such Revolving Lender, such LC Issuer or the Administrative Agent may incur (or which may be claimed against such Revolving Lender, such LC Issuer or the Administrative Agent by any Person whatsoever) by reason of or in connection with the issuance, execution and delivery or transfer of or payment or failure to pay under any Facility LC or any actual or proposed use of any Facility LC, including, without limitation, any claims, damages, losses, liabilities, reasonable costs or expenses which any LC Issuer may incur by reason of or in connection with (a) the failure of any other Revolving Lender to fulfill or comply with its obligations to such LC Issuer hereunder (but nothing herein contained shall affect any rights the Borrower may have against any Defaulting Lender) or (b) by reason of or on account of such LC Issuer issuing any Facility LC which specifies that the term "**Beneficiary**" included therein includes any successor by operation of law of the named Beneficiary, but which Facility LC does not require that any drawing by any such successor Beneficiary be accompanied by a copy of a legal document, satisfactory to such LC Issuer,

evidencing the appointment of such successor Beneficiary; *provided* that the Borrower shall not be required to indemnify any Revolving Lender, any LC Issuer or the Administrative Agent for any claims, damages, losses, liabilities, costs or expenses to the extent, but only to the extent, caused by (x) the willful misconduct or gross negligence of the applicable LC Issuer, as determined in a final non-appealable judgment by a court of competent jurisdiction, in determining whether a request presented under any Facility LC issued by such LC Issuer complied with the terms of such Facility LC or (y) any LC Issuer's failure to pay under any Facility LC issued by such LC Issuer after the presentation to it of a request strictly complying with the terms and conditions of such Facility LC. Nothing in this Section 2.24.9 is intended to limit the obligations of the Borrower under any other provision of this Agreement.

2.24.10 *Lenders' Indemnification.* Each Lender shall, ratably in accordance with its Revolving Loan Pro Rata Share, indemnify each LC Issuer, its affiliates and their respective directors, officers, agents and employees (to the extent not reimbursed by any Borrower) against any cost, expense (including reasonable counsel fees and disbursements), claim, demand, action, loss or liability (except such as result from such indemnitees' gross negligence or willful misconduct as determined in a final non-appealable judgment by a court of competent jurisdiction or the applicable LC Issuer's failure to pay under any Facility LC issued by such LC Issuer after the presentation to it of a request strictly complying with the terms and conditions of such Facility LC) that such indemnitees may suffer or incur in connection with this Section 2.24 or any action taken or omitted by such indemnitees hereunder.

2.24.11 *Facility LC Collateral Account.* The Borrower will, upon the request of the Administrative Agent or the Required Revolving Lenders and until the final expiration date of any Facility LC and thereafter as long as any amount is payable to the LC Issuers or the Revolving Lenders in respect of any Facility LC, maintain a special collateral account pursuant to arrangements satisfactory to the Administrative Agent (the "**Facility LC Collateral Account**") at the Administrative Agent's office at the address specified pursuant to Article XIII, in the name of the Borrower but under the sole dominion and control of the Administrative Agent, for the benefit of the Revolving Lenders and in which the Borrower shall not have any interest other than as set forth in Section 8.1. The Borrower hereby pledges, assigns and grants to the Administrative Agent, on behalf of and for the ratable benefit of the Revolving Lenders and the LC Issuers, a security interest in all of the Borrower's right, title and interest in and to all funds which may from time to time be on deposit in the Facility LC Collateral Account to secure the prompt and complete payment and performance of the Obligations. The Administrative Agent will invest any funds on deposit from time to time in the Facility LC Collateral Account in certificates of deposit of BTMU having a maturity not exceeding 30 days. Nothing in this Section 2.24.11 shall either obligate the Administrative Agent to require the Borrower to deposit any funds in the Facility LC Collateral Account or limit the right of the Administrative Agent to release any funds held in the Facility LC Collateral Account in each case other than as required by Section 8.1.

2.24.12 *Rights as a Lender.* In its capacity as a Lender, each LC Issuer shall have the same rights and obligations as any other Lender.

2.24.13 *Replacement and Resignation of LC Issuer.*

(a) The LC Issuer may be replaced at any time by written agreement among the Borrower, the Administrative Agent, the replaced LC Issuer and the successor LC

Issuer. The Administrative Agent shall notify the Revolving Lenders of any such replacement of the LC Issuer. At the time any such replacement shall become effective, the Borrower shall pay all unpaid fees accrued for the account of the replaced LC Issuer pursuant to Section 2.24.4. From and after the effective date of any such replacement, (i) the successor LC Issuer shall have all the rights and obligations of the LC Issuer under this Agreement with respect to Facility LCs to be issued thereafter and (ii) references herein to the term “LC Issuer” shall be deemed to refer to such successor or to any previous LC Issuer, or to such successor and all previous LC Issuers, as the context shall require. After the replacement of a LC Issuer hereunder, the replaced LC Issuer shall remain a party hereto and shall continue to have all the rights and obligations of a LC Issuer under this Agreement with respect to Facility LCs then outstanding and issued by it prior to such replacement, but shall not be required to issue additional Facility LCs.

(b) Subject to the appointment and acceptance of a successor LC Issuer in accordance with Section 2.3.5 above (provided that the resigning LC Issuer’s consent shall not be required for its replacement), the LC Issuer may resign as a LC Issuer at any time upon thirty days’ prior written notice to the Administrative Agent, the Borrower and the Lenders, in which case, such LC Issuer shall be replaced in accordance with Section 2.24.13(a) above.

2.25 [RESERVED]

2.26 Defaulting Lenders

. Notwithstanding anything to the contrary contained in this Agreement, if any Lender becomes a Defaulting Lender, then, until such time as such Lender is no longer a Defaulting Lender, to the extent permitted by applicable law:

(a) fees shall cease to accrue on the unfunded portion of the Revolving Loan Commitment of such Defaulting Lender pursuant to Section 2.5.1;

(b) the Commitments and Outstanding Revolving Credit Exposure of such Defaulting Lender shall not be included in determining whether all Lenders or the Required Lenders or the Required Revolving Lenders, as applicable, have taken or may take any action hereunder (including any consent to any amendment or waiver pursuant to Section 8.2); *provided* that this clause (b) shall not apply to the vote of a Defaulting Lender in the case of an amendment, waiver or other modification requiring the consent of such Lender or each Lender affected thereby;

(c) if any Swing Line Exposure or LC Obligations exist at the time any Revolving Lender becomes a Defaulting Lender then:

(i) so long as (x) the conditions set forth in Section 4.2 are satisfied at the time of reallocation (and, unless the Borrower shall have otherwise notified the Administrative Agent at such time, the Borrower shall be deemed to have represented and warranted that such conditions are satisfied at such time) and (y) no Default shall be continuing: all or any part of the Swing Line Exposure and LC Obligations of such Defaulting Lender shall be reallocated

among the Non-Defaulting Revolving Lenders in accordance with their respective Pro Rata Shares, but only to the extent that the sum of the Dollar Amount of all Non-Defaulting Revolving Lenders' Outstanding Revolving Credit Exposure plus such Defaulting Lender's Swing Line Exposure and LC Obligations does not exceed the total of all Non-Defaulting Revolving Lenders' Revolving Loan Commitments;

(ii) if the reallocation described in clause (i) above cannot, or can only partially, be effected, the Borrower shall within one (1) Business Day following notice by the Administrative Agent (x) *first*, prepay such Swing Line Exposure and (y) *second*, cash collateralize for the benefit of the applicable LC Issuers only the Borrower's obligations corresponding to such Defaulting Lender's LC Obligations (after giving effect to any partial reallocation pursuant to clause (i) above) in accordance with the procedures set forth in Section 8.1 for so long as such LC Obligations remain outstanding;

(iii) if the Borrower cash collateralizes any portion of such Defaulting Lender's LC Obligations pursuant to clause (ii) above, the Borrower shall not be required to pay any LC Fees to such Defaulting Lender (or the Administrative Agent or any other Lender) pursuant to Section 2.24.4 with respect to such Defaulting Lender's LC Obligations during the period such Defaulting Lender's LC Obligations are cash collateralized;

(iv) if the LC Obligations of the Non-Defaulting Revolving Lenders are reallocated pursuant to clause (i) above, then the Commitment Fees and the LC Fees payable to the Revolving Lenders pursuant to Section 2.5 and Section 2.24.4, respectively, shall be adjusted in accordance with such Non-Defaulting Revolving Lenders' Pro Rata Shares; and

(v) if all or any portion of such Defaulting Lender's LC Obligations are neither reallocated nor cash collateralized pursuant to clause (i) or (iv) above, then, without prejudice to any rights or remedies of the LC Issuers or any other Lender hereunder, all LC Fees payable under Section 2.24.4 with respect to such Defaulting Lender's LC Obligations shall be payable to the applicable LC Issuer (and not to such Defaulting Lender) until and to the extent that such LC Obligations are reallocated and/or cash collateralized; and

(d) so long as any Revolving Lender is a Defaulting Lender, the Swing Line Lender shall not be required to fund any Swing Line Loan and no LC Issuer shall be required to issue, amend or increase any Facility LC, unless it is satisfied that the related exposure and such Defaulting Lender's then outstanding LC Obligations will be 100% covered by the Revolving Loan Commitments of the Non-Defaulting Revolving Lenders and/or cash collateral will be provided by the Borrower in accordance with Section 2.26(c), and participating interests in any such newly made Swing Line Loan or any newly issued or increased Facility LC shall be allocated among Non-Defaulting Revolving Lenders in a manner consistent with Section 2.26(c)(i) (and such Defaulting Lender shall not participate therein).

If (i) a Bankruptcy Event or a Bail-In Action with respect to a Parent of any Revolving Lender shall occur following the date hereof and for so long as such event shall continue or (ii) the Swing Line Lender or any LC Issuer has a good faith belief that any Revolving Lender has defaulted in fulfilling its obligations under one or more other agreements in which such Lender commits to extend credit, the Swing Line Lender shall not be required to fund any Swing Line Loan and such LC Issuer shall not be required to issue or Modify any Facility LC, unless the Swing Line Lender or such LC Issuer, as the case may be, shall have entered into arrangements with the Borrower or such Lender, satisfactory to the Swing Line Lender or such LC Issuer, as the case may be, to defease any risk to it in respect of such Lender hereunder.

In the event that the Administrative Agent, the Borrower, each of the LC Issuers and the Swing Line Lender each agrees that a Defaulting Lender has adequately remedied all matters that caused such Lender to be a Defaulting Lender, then the Swing Line Exposure and LC Obligations of the Revolving Lenders shall be readjusted to reflect the inclusion of such Lender's Revolving Loan Commitment and on such date such Lender (if such Lender is a Revolving Lender) shall purchase at par such of the Loans of the other Revolving Lenders as the Administrative Agent shall determine may be necessary in order for such Lender to hold such Revolving Loans in accordance with its Pro Rata Share.

Subject to the provisions of Section 9.20, nothing contained in the foregoing shall be deemed to constitute a waiver by the Borrower of any of its rights or remedies (whether in equity or law) against any Lender which fails to fund any of its Loans hereunder at the time or in the amount required to be funded under the terms of this Agreement.

ARTICLE III

YIELD PROTECTION; TAXES

3.1 Yield Protection

. If any Change in Law:

(a) subjects any Recipient to any Taxes (other than (A) Indemnified Taxes, (B) Taxes described in clauses (b) through (d) of the definition of "Excluded Taxes" and (C) Connection Income Taxes) on its loans, loan principal, letters of credit, commitments, or other obligations, or its deposits, reserves, other liabilities or capital attributable thereto, or

(b) imposes or increases or deems applicable any reserve, assessment, insurance charge, special deposit, liquidity or similar requirement (including any compulsory loan requirement, insurance charge or other assessment) against assets of, deposits with or for the account of, or credit extended by, any Lender or any applicable Lending Installation or any LC Issuer (other than reserves and assessments taken into account in determining the interest rate applicable to Eurocurrency Advances) with respect to its Commitments, Loans, Facility LCs or participations therein, or

(c) imposes any other condition the result of which is to increase the cost to any Lender, any applicable Lending Installation or any LC Issuer of making, funding or maintaining its Commitments, Loans or of issuing or participating in Facility LCs, or reduces any amount receivable by any Lender or any applicable Lending Installation or any LC Issuer in connection with its Commitments or Loans or Facility LCs (including

participations therein), or requires any Lender or any applicable Lending Installation or any LC Issuer to make any payment calculated by reference to the amount of Commitments or Loans or Facility LCs (including participations therein) held or interest or LC Fees received by it, by an amount deemed material by such Lender or such LC Issuer, as applicable,

and the result of any of the foregoing is to increase the cost to the Administrative Agent, such Lender or applicable Lending Installation or such LC Issuer of making or maintaining, continuing or converting its Loans (including, without limitation, any conversion of any Revolving Loan denominated in an Agreed Currency other than euro into a Revolving Loan denominated in euro) or Revolving Loan Commitment or of issuing or participating in Facility LCs, as applicable, or to reduce the return received by the Administrative Agent, such Lender or applicable Lending Installation or LC Issuer in connection with such Loans, Revolving Loan Commitment or Facility LCs (including participations therein), then, within 15 days of demand, accompanied by the written statement required by Section 3.6, by the Administrative Agent, such Lender or LC Issuer, the Borrower shall pay the Administrative Agent, such Lender or LC Issuer such additional amount or amounts as will compensate the Administrative Agent, such Lender or LC Issuer for such increased cost or reduction in amount received.

3.2 Changes in Capital Adequacy Regulations

. If a Lender or any LC Issuer determines the amount of capital or liquidity required or expected to be maintained by such Lender or such LC Issuer, any Lending Installation of such Lender or such LC Issuer or any Parent controlling such Lender or such LC Issuer is increased as a result of a Change in Capital Adequacy Regulations, then, within 15 days of demand, accompanied by the written statement required by Section 3.6, by such Lender or such LC Issuer, the Borrower shall pay such Lender or such LC Issuer the amount necessary to compensate for any shortfall in the rate of return on the portion of such increased capital or liquidity which such Lender or such LC Issuer determines is attributable to this Agreement, its Term Loans, its Outstanding Revolving Credit Exposure, its Commitments or its commitment to issue Facility LCs, as applicable, hereunder (after taking into account such Lender's or such LC Issuer's policies as to capital adequacy and liquidity). "**Change in Capital Adequacy Regulations**" means (a) any change after the Closing Date in the Risk-Based Capital Guidelines or (b) any adoption of, or change in, or change in the interpretation, implementation or administration of any other law, governmental or quasi-governmental rule, regulation, policy, guideline, interpretation, or directive (whether or not having the force of law) after the Closing Date which affects the amount of capital or liquidity required or expected to be maintained by any Lender or any LC Issuer or any Lending Installation or any corporation controlling any Lender or any LC Issuer. "**Risk-Based Capital Guidelines**" means (a) the risk-based capital guidelines in effect in the United States on the Closing Date, including transition rules, (b) the corresponding capital regulations promulgated by regulatory authorities outside the United States implementing the July 1988 report of the Basel Committee on Banking Regulation and Supervisory Practices Entitled "International Convergence of Capital Measurements and Capital Standards," including transition rules, and any amendments to such regulations adopted prior to the Closing Date, (c) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines, requirements and directives thereunder, issued in connection therewith or in implementation thereof and (d) all requests, rules, regulations, guidelines, interpretations or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities (whether or not having the force of Law), in each case pursuant to Basel III.

3.3 Availability of Types of Advances

. If (x) any Lender determines that maintenance of its Eurocurrency Loans at a suitable Lending Installation would violate any applicable law, rule, regulation, or directive, whether or not having the force of law, or (y) the Required Lenders determine that (a) deposits of a type, currency and maturity appropriate to match fund Eurocurrency Advances are not available or (b) the interest rate applicable to Eurocurrency Advances does not accurately reflect the cost of making or maintaining Eurocurrency Advances, or (iii) no reasonable basis exists for determining the Eurocurrency Reference Rate, then the Administrative Agent shall suspend the availability of Eurocurrency Advances and require any affected Eurocurrency Advances to be repaid or converted to Floating Rate Advances on the respective last days of the then current Interest Periods with respect to such Loans or within such earlier period as required by law, subject to the payment of any funding indemnification amounts required by Section 3.4. If at the time that the Administrative Agent shall seek to determine the LIBOR Screen Rate on the Quotation Day for any Interest Period for a Eurocurrency Advance, the LIBOR Screen Rate shall not be available for such Interest Period and/or for the applicable currency with respect to such Eurocurrency Advance for any reason, and the Administrative Agent shall reasonably determine that it is not possible to determine the Interpolated Rate (which conclusion shall be conclusive and binding absent manifest error), then the Reference Bank Rate shall be the Eurocurrency Reference Rate for such Interest Period for such Eurocurrency Advance; *provided* that if the Reference Bank Rate shall be less than zero, such rate shall be deemed to be zero for purposes of this Agreement; *provided, further*, however, that if less than two Reference Banks shall supply a rate to the Administrative Agent for purposes of determining the Eurocurrency Reference Rate for such Eurocurrency Advance, (i) if such Advance shall be requested in Dollars, then such Advance shall be made as an Floating Rate Advance at the Alternate Base Rate and (ii) if such Advance shall be requested in any Foreign Currency, the Eurocurrency Reference Rate shall be equal to the cost to each Lender to fund its pro rata share of such Eurocurrency Advance (from whatever source and using whatever methodologies as such Lender may select in its reasonable discretion).

3.3.1 If (a) any Lender determines that maintenance of its Eurocurrency Loans at a suitable Lending Installation would violate any applicable law, rule, regulation, or directive, whether or not having the force of law, (b) the Required Lenders determine that (i) deposits of a type, currency and maturity appropriate to match fund Eurocurrency Advances are not available or (ii) the interest rate applicable to Eurocurrency Advances does not accurately reflect the cost of making or maintaining Eurocurrency Advances, or (c) the Administrative Agent determines (which determination shall be conclusive and binding absent manifest error) that no adequate and reasonable basis or means exists for determining the Eurocurrency Reference Rate or the LIBOR Screen Rate (including, without limitation, because the LIBOR Screen Rate is not available or published on a current basis) (*provided* that no Benchmark Transition Event shall have occurred at such time), then, in each case, the Administrative Agent shall suspend the availability of the affected Eurocurrency Advances and require any affected Eurocurrency Advances to be repaid or converted to Floating Rate Advances on the respective last days of the then current Interest Periods with respect to such Loans or within such earlier period as required by law, subject to the payment of any funding indemnification amounts required by Section 3.4.

3.3.2 Notwithstanding anything to the contrary herein or in any other Loan Document, upon the occurrence of a Benchmark Transition Event or an Early Opt-in Election, as applicable, for any Agreed Currency, the Administrative Agent and the Borrower may amend this Agreement to replace the Eurocurrency Reference Rate with a Benchmark Replacement for such Agreed Currency. Any such amendment with respect to a Benchmark Transition Event will become effective at 5:00 p.m. (New York City time) on the fifth (5th) Business Day after the Administrative Agent has posted such proposed amendment to all Lenders and the Borrower so

long as the Administrative Agent has not received, by such time, written notice of objection to such amendment from Lenders comprising the Required Lenders. Any such amendment with respect to an Early Opt-in Election will become effective on the date that Lenders comprising the Required Lenders have delivered to the Administrative Agent written notice that such Required Lenders accept such amendment. No replacement of the Eurocurrency Reference Rate for any Agreed Currency with a Benchmark Replacement pursuant to this Section 3.3 will occur prior to the applicable Benchmark Transition Start Date for such Agreed Currency.

3.3.3 In connection with the implementation of a Benchmark Replacement for any Agreed Currency, the Administrative Agent will have the right to make Benchmark Replacement Conforming Changes from time to time and, notwithstanding anything to the contrary herein or in any other Loan Document, any amendments implementing such Benchmark Replacement Conforming Changes will become effective without any further action or consent of any other party to this Agreement.

3.3.4 The Administrative Agent will promptly notify the Borrower and the Lenders of (a) any occurrence of a Benchmark Transition Event or an Early Opt-in Election, as applicable, and its related Benchmark Replacement Date and Benchmark Transition Start Date, (b) the implementation of any Benchmark Replacement, (c) the effectiveness of any Benchmark Replacement Conforming Changes and (d) the commencement or conclusion of any Benchmark Unavailability Period. Any determination, decision or election that may be made by the Administrative Agent or Lenders pursuant to this Section 3.3, including any determination with respect to a tenor, rate or adjustment or of the occurrence or non-occurrence of an event, circumstance or date and any decision to take or refrain from taking any action, will be conclusive and binding absent manifest error and may be made in its or their sole discretion and without consent from any other party hereto, except, in each case, as expressly required pursuant to this Section 3.3.

3.3.5 Upon the Borrower's receipt of notice of the commencement of a Benchmark Unavailability Period for any Agreed Currency, the Borrower may revoke any request for an Advance of, conversion to or continuation of Eurocurrency Loans in such Agreed Currency to be made, converted or continued during any Benchmark Unavailability Period and, failing that, (a) in the case of any such request relating to a Loan or Advance denominated in Dollars, the Borrower will be deemed to have converted any such request into a request for a Borrowing of or conversion to Floating Rate Advances and (b) in the case of any other request, such request shall be ineffective. During any Benchmark Unavailability Period for Dollars, the component of the Alternate Base Rate based upon the Eurocurrency Reference Rate will not be used in any determination of the Alternate Base Rate.

3.4 Funding Indemnification

. If any payment of a Eurocurrency Advance occurs on a date which is not the last day of the applicable Interest Period, whether because of acceleration, prepayment or otherwise, or a Eurocurrency Advance is not made or continued, or a Floating Rate Advance is not converted into a Eurocurrency Advance, on the date specified by the Borrower for any reason other than default by the Lenders, or a Eurocurrency Advance is not prepaid on the date specified by the Borrower for any reason, the Borrower will indemnify each Lender for any reasonable loss or cost incurred by it resulting therefrom, including, without limitation, any reasonable loss or cost in liquidating or employing deposits acquired to fund or maintain such Eurocurrency Advance.

3.5 Taxes

(a) *Payments Free of Taxes; Obligation to Withhold; Payments on Account of Taxes.* (i) Any and all payments by or on account of any obligation of any Credit Party under any Loan Document shall be made without deduction or withholding for any Taxes, except as required by applicable Laws. If any applicable Laws (as determined in the good faith discretion of the Administrative Agent) require the deduction or withholding of any Tax from any such payment by the Administrative Agent or a Credit Party, then the Administrative Agent or such Credit Party shall be entitled to make such deduction or withholding, upon the basis of the information and documentation to be delivered pursuant to subsection (e) below.

(ii) If any Credit Party or the Administrative Agent shall be required by the Code to withhold or deduct any Taxes, including both United States Federal backup withholding and withholding taxes, from any payment, then (A) the Administrative Agent shall withhold or make such deductions as are determined by the Administrative Agent to be required based upon the information and documentation it has received pursuant to subsection (e) below, (B) the Administrative Agent shall timely pay the full amount withheld or deducted to the relevant Governmental Authority in accordance with the Code, and (C) to the extent that the withholding or deduction is made on account of Indemnified Taxes, the sum payable by the applicable Credit Party shall be increased as necessary so that after any required withholding or the making of all required deductions (including deductions applicable to additional sums payable under this Section 3.5) the applicable Recipient receives an amount equal to the sum it would have received had no such withholding or deduction been made.

(iii) If any Credit Party or the Administrative Agent shall be required by any applicable Laws other than the Code to withhold or deduct any Taxes from any payment, then (A) such Credit Party or the Administrative Agent, as required by such Laws, shall withhold or make such deductions as are determined by it to be required based upon the information and documentation it has received pursuant to subsection (e) below, (B) such Credit Party or the Administrative Agent, to the extent required by such Laws, shall timely pay the full amount withheld or deducted to the relevant Governmental Authority in accordance with such Laws, and (C) to the extent that the withholding or deduction is made on account of Indemnified Taxes, the sum payable by the applicable Credit Party shall be increased as necessary so that after any required withholding or the making of all required deductions (including deductions applicable to additional sums payable under this Section 3.5) the applicable Recipient receives an amount equal to the sum it would have received had no such withholding or deduction been made.

(b) *Payment of Other Taxes by the Credit Parties.* Without limiting the provisions of subsection (a) above, the Credit Parties shall timely pay to the relevant Governmental Authority in accordance with applicable law, or at the option of the Administrative Agent timely reimburse it for the payment of, any Other Taxes.

(c) *Tax Indemnifications.* (i) Each of the Credit Parties shall, and does hereby, jointly and severally indemnify each Recipient, and shall make payment in respect thereof within 10 days after demand therefor, for the full amount of any Indemnified Taxes (including Indemnified Taxes imposed or asserted on or attributable to amounts payable under this Section 3.5) payable or paid by such Recipient or required to be withheld or deducted from a payment to such Recipient, and any penalties, interest and reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to the Borrower by a Lender (with a copy to the Administrative Agent), or by the Administrative Agent on its own behalf or on behalf of a Lender, shall be conclusive absent manifest error. Each of the Credit Parties shall, and does hereby, jointly and severally indemnify the Administrative Agent, and shall make payment in respect thereof within 10 days after demand therefor, for any amount which a Lender for any reason fails to pay indefeasibly to the Administrative Agent as required pursuant to Section 3.5(c)(ii) below.

(ii) Each Lender shall, and does hereby, severally indemnify, and shall make payment in respect thereof within 10 days after demand therefor, (x) the Administrative Agent against any Indemnified Taxes attributable to such Lender (but only to the extent that any Credit Party has not already indemnified the Administrative Agent for such Indemnified Taxes and without limiting the obligation of the Credit Party to do so), (y) the Administrative Agent and the Credit Party, as applicable, against any Taxes attributable to such Lender's failure to comply with the provisions of Section 12.2.3 relating to the maintenance of a Participant Register and (z) the Administrative Agent and the Credit Party, as applicable, against any Excluded Taxes attributable to such Lender, in each case, that are payable or paid by the Administrative Agent or a Credit Party in connection with any Loan Document, and any reasonable expenses arising therefrom or with respect thereto, whether or not such Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to any Lender by the Administrative Agent shall be conclusive absent manifest error. Each Lender hereby authorizes the Administrative Agent to set off and apply any and all amounts at any time owing to such Lender, as the case may be, under this Agreement or any other Loan Document against any amount due to the Administrative Agent under this clause (ii).

(d) *Evidence of Payments.* As soon as practicable after any payment of Taxes by any Credit Party to a Governmental Authority as provided in this Section 3.5, the Borrower shall deliver to the Administrative Agent the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of any return required by Laws to report such payment or other evidence of such payment reasonably satisfactory to the Administrative Agent.

(e) *Status of Lenders; Tax Documentation.* (i) Any Lender that is entitled to an exemption from or reduction of withholding Tax with respect to payments made under any Loan Document shall deliver to the Borrower and the Administrative Agent, at the time or times reasonably requested by the Borrower or the Administrative Agent, such

properly completed and executed documentation prescribed by applicable law or the taxing authorities of a jurisdiction pursuant to such applicable law or reasonably requested by the Borrower or the Administrative Agent as will permit such payments to be made without withholding or at a reduced rate of withholding. In addition, any Lender, if reasonably requested by the Borrower or the Administrative Agent, shall deliver such other documentation prescribed by applicable law or reasonably requested by the Borrower or the Administrative Agent as will enable the Borrower or the Administrative Agent to determine whether or not such Lender is subject to backup withholding or information reporting requirements. Notwithstanding anything to the contrary in the preceding two sentences, the completion, execution and submission of such documentation (other than such documentation either (A) set forth in Section 3.5(e)(ii)(A), (ii)(B) and (ii)(D) below or (B) required by applicable law other than the Code or the taxing authorities of the jurisdiction pursuant to such applicable law to comply with the requirements for exemption or reduction of withholding tax in that jurisdiction) shall not be required if in the Lender's reasonable judgment such completion, execution or submission would subject such Lender to any material unreimbursed cost or expense or would materially prejudice the legal or commercial position of such Lender.

(ii) Without limiting the generality of the foregoing, in the event that a Borrower is a U.S. Person:

(A) any Lender that is a U.S. Person shall deliver to the Borrower and the Administrative Agent on or prior to the date on which such Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrower or the Administrative Agent), executed copies of IRS Form W9 certifying that such Lender is exempt from U.S. federal backup withholding tax;

(B) any Foreign Lender shall, to the extent it is legally entitled to do so, deliver to the Borrower and the Administrative Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Foreign Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrower or the Administrative Agent), whichever of the following is applicable:

(I) in the case of a Foreign Lender claiming the benefits of an income tax treaty to which the United States is a party (x) with respect to payments of interest under any Loan Document, executed copies of IRS Form W8BEN-E (or W-8BEN, as applicable) establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the "interest" article of such tax treaty and (y) with respect to any other applicable payments under any Loan Document, IRS Form W8BEN-E (or W-8BEN, as applicable) establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the "business profits" or "other income" article of such tax treaty;

(II) executed copies of IRS Form W8ECI;

(III) in the case of a Foreign Lender claiming the benefits of the exemption for portfolio interest under Section 881(c) of the Code, (x) a certificate substantially in the form of Exhibit G-1 to the effect that such Foreign Lender is not a “bank” within the meaning of Section 881(c)(3)(A) of the Code, a “10 percent shareholder” of the Borrower within the meaning of Section 881(c)(3)(B) of the Code, or a “controlled foreign corporation” described in Section 881(c)(3)(C) of the Code (a “U.S. Tax Compliance Certificate”) and (y) executed copies of IRS Form W8BEN-E (or W-8BEN, as applicable); or

(IV) to the extent a Foreign Lender is not the beneficial owner, executed copies of IRS Form W8IMY, accompanied by IRS Form W8ECI, IRS Form W8BEN-E (or W-8BEN, as applicable), a U.S. Tax Compliance Certificate substantially in the form of Exhibit G-2 or Exhibit G-3, IRS Form W9, and/or other certification documents from each beneficial owner, as applicable; provided that if the Foreign Lender is a partnership and one or more direct or indirect partners of such Foreign Lender are claiming the portfolio interest exemption, such Foreign Lender may provide a U.S. Tax Compliance Certificate substantially in the form of Exhibit G-4 on behalf of each such direct and indirect partner;

(C) any Foreign Lender shall, to the extent it is legally entitled to do so, deliver to the Borrower and the Administrative Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Foreign Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrower or the Administrative Agent), executed copies of any other form prescribed by applicable law as a basis for claiming exemption from or a reduction in U.S. federal withholding Tax, duly completed, together with such supplementary documentation as may be prescribed by applicable law to permit the Borrower or the Administrative Agent to determine the withholding or deduction required to be made; and

(D) if a payment made to a Lender under any Loan Document would be subject to U.S. federal withholding Tax imposed by FATCA if such Lender were to fail to comply with the applicable reporting requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the Code, as applicable), such Lender shall deliver to the Borrower and the Administrative Agent, at the time or times prescribed by law and at such time or times reasonably requested by the Borrower or the Administrative Agent, such documentation prescribed by applicable law (including as prescribed by

Section 1471(b)(3)(C)(i) of the Code) and such additional documentation reasonably requested by the Borrower or the Administrative Agent as may be necessary for the Borrower and the Administrative Agent to comply with their obligations under FATCA, and to determine that such Lender has complied with such Lender's obligations under FATCA or to determine the amount to deduct and withhold from such payment. Solely for purposes of this clause (D), "FATCA" shall include any amendments made to FATCA after the date of this Agreement.

(iii) Each Lender agrees that if any form or certification it previously delivered pursuant to this Section 3.5 expires or becomes obsolete or inaccurate in any respect, it shall update such form or certification or promptly notify the Borrower and the Administrative Agent in writing of its legal inability to do so.

(f) *Treatment of Certain Refunds.* Unless required by applicable Laws, at no time shall the Administrative Agent have any obligation to file for or otherwise pursue on behalf of a Lender or the L/C Issuer, or have any obligation to pay to any Lender, any refund of Taxes withheld or deducted from funds paid for the account of such Lender, as the case may be. If any Recipient determines, in its sole discretion exercised in good faith, that it has received a refund of any Taxes as to which it has been indemnified by any Credit Party or with respect to which any Credit Party has paid additional amounts pursuant to this Section 3.5, it shall pay to such Credit Party an amount equal to such refund (but only to the extent of indemnity payments made, or additional amounts paid, by a Credit Party under this Section 3.5 with respect to the Taxes giving rise to such refund), net of all out-of-pocket expenses (including Taxes) incurred by such Recipient, and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund); *provided* that each Credit Party, upon the request of the Recipient, agrees to repay the amount paid over to such Credit Party (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) to the Recipient in the event the Recipient is required to repay such refund to such Governmental Authority. Notwithstanding anything to the contrary in this subsection, in no event will the applicable Recipient be required to pay any amount to such Credit Party pursuant to this subsection the payment of which would place the Recipient in a less favorable net after-Tax position than such Recipient would have been in if the Tax subject to indemnification and giving rise to such refund had not been deducted, withheld or otherwise imposed and the indemnification payments or additional amounts with respect to such Tax had never been paid. This subsection shall not be construed to require any Recipient to make available its tax returns (or any other information relating to its taxes that it deems confidential) to any Credit Party or any other Person.

(g) *Survival.* Each party's obligations under this Section 3.5 shall survive the resignation or replacement of the Administrative Agent or any assignment of rights by, or the replacement of, a Lender, the termination of the Commitments and the repayment, satisfaction or discharge of all other Obligations.

3.6 Lender Statements; Survival of Indemnity

. Each Lender shall deliver a written statement of such Lender to the Borrower (with a copy to the Administrative Agent) as to the amount due, if any, under Section 3.1, 3.2, 3.4 or 3.5. Such

written statement shall set forth in reasonable detail the calculations upon which such Lender determined such amount and shall be final, conclusive and binding on the Borrower in the absence of manifest error. Determination of amounts payable under such Sections in connection with a Eurocurrency Loan shall be calculated as though each Lender funded its Eurocurrency Loan through the purchase of a deposit of the type, currency and maturity corresponding to the deposit used as a reference in determining the Eurocurrency Rate applicable to such Loan, whether in fact that is the case or not. Unless otherwise provided herein, the amount specified in the written statement of any Lender shall be payable on demand after receipt by the Borrower of such written statement. The obligations of the Borrower under Sections 3.1, 3.2, 3.4 and 3.5 shall survive payment of the Obligations and termination of this Agreement. Failure or delay on the part of any Lender or any LC Issuer to demand compensation pursuant to Sections 3.1, 3.2, 3.4 or 3.5 shall not constitute a waiver of such Lender's or such LC Issuer's right to demand such compensation; *provided* that the Borrower shall not be required to compensate a Lender or any LC Issuer (or such Lender's or LC Issuer's holding company) for any amounts payable pursuant to Section 3.1, 3.2, 3.4 or 3.5 incurred more than 180 days prior to the date such Lender or LC Issuer notifies the Borrower of the applicable Change in Law (as described in Section 3.1), the applicable Change in Capital Adequacy Regulations (as described in Section 3.2), the applicable event giving rise to funding indemnification (as described in Section 3.4) or the applicable Taxes (as described in Section 3.5) and of such Lender's or such LC Issuer's intention, as the case may be, to claim compensation therefor; *provided, further* that, if any Change in Law or Change in Capital Adequacy Regulations or Taxes giving rise to such requested amounts is retroactive, then the 180-day period referred to above shall be extended to include the period of retroactive effect thereof.

3.7 Alternative Lending Installation

. Each Lender may make any Credit Extension to the Borrower through any Lending Installation; *provided* that the exercise of this option shall not affect the obligation of the Borrower to repay the Credit Extension in accordance with the terms of this Agreement. If any Lender requests compensation under Section 3.1 or 3.2, or requires the Borrower to pay any Indemnified Taxes or additional amounts to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 3.5, then at the request of the Borrower such Lender shall, as applicable, use reasonable efforts to designate a different Lending Installation for funding or booking its Loans hereunder or to assign its rights and obligations hereunder to another of its offices, branches or affiliates, if, in the judgment of such Lender, such designation or assignment (i) would eliminate or reduce amounts payable pursuant to Section 3.1, 3.2 or 3.5, as the case may be, in the future and (ii) in each case, would not subject such Lender to any unreimbursed cost or expense and would not otherwise be disadvantageous to such Lender. The Borrower hereby agrees to pay all reasonable costs and expenses incurred by any Lender in connection with any such designation or assignment.

ARTICLE IV

CONDITIONS PRECEDENT

4.1 Conditions Precedent to Closing

. This Agreement and the obligation of each Lender to make Loans and of the LC Issuer to issue Facility LCs hereunder shall be subject to the satisfaction (or waiver) of the following conditions precedent:

(a) The Arrangers and the Lenders shall have received (i) the Annual Financial Statements, the Quarterly Financial Statements and the Pro Forma Financial Statements and (ii) satisfactory financial statement projections through and including the Borrower's 2022 fiscal year, together with such information as the Administrative Agent and the Lenders shall reasonably request.

(b) The Arrangers and the Lenders shall have received a certificate from the Borrower's chief financial officer that the Borrower and its Subsidiaries, after giving effect to the Transactions to occur on the Closing Date and the incurrence of Indebtedness related thereto, are Solvent, which certificate shall be in form and substance reasonably satisfactory to the Arrangers.

(c) The Administrative Agent and the Arrangers shall have received the following:

(i) Copies of the articles or certificate of incorporation (or the equivalent thereof) of each Credit Party, in each case, together with all amendments thereto, and a certificate of good standing, each certified not more than 30 days prior to the Closing Date by the appropriate governmental officer in its jurisdiction of organization and accompanied by a certification by the Secretary or Assistant Secretary of such Credit Party that there have been no changes in the matters certified by such governmental officer since the date of such governmental officer's certification.

(ii) Copies, certified by the Secretary or Assistant Secretary (or the equivalent thereof) of each Credit Party, in each case, of its by-laws and of its Board of Directors' resolutions and of resolutions or actions of any other body authorizing the execution of the Loan Documents to which such Credit Party is a party.

(iii) An incumbency certificate, executed by the Secretary or Assistant Secretary (or the equivalent thereof) of each Credit Party which shall identify by name and title and bear the signatures of the Authorized Officers and any other officers of each such Credit Party authorized to sign the Loan Documents to which it is a party, upon which certificate the Administrative Agent and the Lenders shall be entitled to rely until informed of any change in writing by the applicable Credit Party.

(iv) A certificate reasonably acceptable to the Administrative Agent signed by the chief financial officer of the Borrower and dated as of the Closing Date, certifying that as of the Closing Date and after giving effect to the Transactions to occur on such date (x) there exists no Default or Unmatured Default and (y) the representations and warranties contained in Article V are true and correct in all material respects (or, if qualified by materiality, "Material Adverse Effect" or like term, in all respects) as of such date (except to the extent any such representation or warranty is stated to relate solely to an earlier date, in which case such representation or warranty shall have been true and correct in all material respects (or, if qualified by materiality, "Material Adverse Effect" or like term, in all respects) on and as of such earlier date).

(v) A written opinion (addressed to the Administrative Agent and the Lenders and dated as of the Closing Date) of each of (A) Briggs and Morgan, P.A., counsel to the Credit Parties, (B) Hogan Lovells US LLP, Colorado counsel to the Credit Parties, and (C) Les Korsh, counsel to the Borrower, in each case in form and substance reasonably satisfactory to the Administrative Agent.

(vi) Duly executed counterparts of this Agreement and the Guaranty from each of the Credit Parties party hereto or thereto and, in the case of this Agreement, from each Lender, the Departing Lender and the Administrative Agent (which requirement may in each case be satisfied by telecopy or electronic transmission of a signed signature page to this Agreement or the Guaranty, as the case may be).

(vii) Evidence satisfactory to the Administrative Agent that the Borrower has paid or, substantially simultaneously with the funding of any Advances on the Closing Date, will pay, to the Administrative Agent, the Arrangers, the Lenders, solely in the case of clause (y) below, the applicable Persons that are “Lenders” under the Existing Credit Agreement and, solely in the cause of clause (z) below, the Departing Lender, as applicable, (x) all fees and expenses due and payable on or prior to the Closing Date, including (A) the fees agreed to in the Fee Letters and (B) reimbursement or payment of all expenses required to be reimbursed or paid by the Borrower for which invoices have been presented no later than one Business Day prior to the Closing Date, (y) all accrued and unpaid interest and fees under the Existing Credit Agreement in respect of the Existing Revolving Loans and Existing Term Loans and all accrued and unpaid fees under Sections 2.5.1 and 2.24.4 of the Existing Credit Agreement (other than any accrued and unpaid interest owing to the Swing Line Lender in respect of the swing line loans previously made to the Borrower under the Existing Credit Agreement (the “**Existing Swing Line Loans**”), which interest shall be paid after the Closing Date in accordance with the terms of this Agreement) and (z) the principal amount of the Existing Revolving Loans and Existing Term Loans of the Departing Lender in accordance with Section 1.4.

(viii) At least two (2) Business Days prior to the Closing Date, all documentation and other information required by regulatory authorities with respect to the Credit Parties reasonably requested by the Lenders in writing at least five (5) Business Days prior to the Closing Date under applicable “**know your customer**” and anti-money laundering rules and regulations, including the USA Patriot Act.

(ix) A Borrowing Notice in respect of the Advances to be made on the Closing Date.

For purposes of determining compliance with the conditions specified in this Section 4.1, each Lender that has signed this Agreement shall be deemed to have consented to, approved or accepted or to be satisfied with, each document or other matter required thereunder to be consented to or approved by or acceptable or satisfactory to a Lender unless the Administrative Agent shall have received notice from such Lender prior to the proposed Closing Date specifying its objection thereto.

4.2 *Each Credit Extension Following the Closing Date*

. The Lenders shall not (except as otherwise set forth in Section 2.3.4 with respect to Revolving Loans extended for the purpose of repaying Swing Line Loans) be required to make any Credit Extension unless on the applicable Credit Extension Date:

4.2.1 At the time of and immediately after giving effect to such Credit Extension, there exists no Default or Unmatured Default.

4.2.2 The representations and warranties contained in Article V are true and correct in all material respects (or, if qualified by materiality, "Material Adverse Effect" or like term, in all respects) as of such Credit Extension Date except to the extent any such representation or warranty is stated to relate solely to an earlier date, in which case such representation or warranty shall have been true and correct in all material respects (or, if qualified by materiality, "Material Adverse Effect" or like term, in all respects) on and as of such earlier date.

4.2.3 All legal matters incident to the making of such Credit Extension shall be satisfactory to the Lenders and their counsel.

Each Borrowing Notice, request for issuance of a Facility LC or Swing Line Borrowing Notice, as the case may be, or request for Modification of a Facility LC, with respect to each such Credit Extension shall constitute a representation and warranty by the Borrower that the conditions contained in Sections 4.2.1, 4.2.2 and 4.2.3 have been satisfied.

ARTICLE V

REPRESENTATIONS AND WARRANTIES

The Borrower represents and warrants to each Lender, LC Issuer and the Administrative Agent as of each of (i) the Closing Date and (ii) each other date as required by Section 4.2:

5.1 Existence and Standing

. Each of the Borrower and its Subsidiaries is a corporation, partnership (in the case of Subsidiaries only) or limited liability company duly and properly incorporated or organized, as the case may be, validly existing and (to the extent such concept applies to such entity) in good standing under the laws of its jurisdiction of incorporation or organization, (a) has all requisite corporate, partnership or limited liability company power and authority, as the case may be, to own, operate and encumber its Property and (b) is qualified to do business and is in good standing (to the extent such concept applies to such entity) in all jurisdictions where the nature of the business conducted by it makes such qualification necessary and where failure to so qualify would reasonably be expected to have a Material Adverse Effect.

5.2 Authorization and Validity; Binding Effect

. Each Credit Party has the requisite corporate, partnership or limited liability company power and authority and legal right to execute and deliver the Loan Documents to which it is a party and to perform its obligations thereunder. The execution and delivery by each Credit Party of the Loan Documents to which it is a party and the performance of its obligations thereunder have been duly

authorized by proper corporate, partnership or limited liability company, as the case may be, proceedings, and the Loan Documents to which each Credit Party is a party constitute legal, valid and binding obligations of such Credit Party enforceable against such Credit Party in accordance with their terms, except as enforceability may be limited by (a) bankruptcy, insolvency, fraudulent conveyances, reorganization or similar laws relating to or affecting the enforcement of creditors' rights generally; (b) general equitable principles (whether considered in a proceeding in equity or at law); and (c) requirements of reasonableness, good faith and fair dealing.

5.3 No Conflict; Government Consent

. Neither the execution and delivery by any Credit Party of the Loan Documents to which it is a party, nor the consummation by such Credit Party of the transactions therein contemplated, nor compliance by such Credit Party with the provisions thereof will violate (a) any applicable law, rule, regulation, order, writ, judgment, injunction, decree or award binding on such Credit Party or (b) such Credit Party's articles or certificate of incorporation, partnership agreement, certificate of partnership, articles or certificate of organization, by-laws, or operating agreement or other management agreement, as the case may be, or (c) the provisions of any indenture, instrument or agreement (including, for the avoidance of doubt, the Existing Loan Agreement, the Note Purchase Agreements and the Senior Notes) to which such Credit Party is a party or is subject, or by which it, or its Property, is bound, or conflict with, or constitute a default under, or result in, or require, the creation or imposition of any Lien in, of or on the Property of such Credit Party pursuant to the terms of, any such indenture, instrument or agreement. No order, consent, adjudication, approval, license, authorization, or validation of, or filing, recording or registration with, or exemption by, or other action in respect of any governmental or public body or authority, or any subdivision thereof, which has not been obtained by any Credit Party, is required to be obtained by such Credit Party in connection with the execution and delivery of the Loan Documents, the borrowings under this Agreement, the payment and performance by the Credit Parties of the Obligations or the legality, validity, binding effect or enforceability of any of the Loan Documents.

5.4 Financial Statements

. The Annual Financial Statements and the Quarterly Financial Statements were prepared in accordance with generally accepted accounting principles in effect on the dates such statements were prepared and fairly present the consolidated financial condition and operations of the Borrower and its Subsidiaries at such dates and the consolidated results of their operations for the periods then ended.

5.5 Material Adverse Change

. Since April 30, 2016, or, in the case of any increase of the Aggregate Revolving Loan Commitment or issuance of Term Loans pursuant to Section 2.5.3, the first day of the Borrower's most recently completed fiscal year in respect of which the Borrower has delivered financial statements in accordance with Section 6.1 hereof, there has been no change in the business, Property, condition (financial or otherwise), operations or results of operations or performance of the Borrower and its Subsidiaries taken as a whole which could reasonably be expected to have a Material Adverse Effect.

5.6 Taxes

. The Borrower and its Subsidiaries have filed all Federal, state and other material tax returns and reports required to be filed, and have paid all Federal, state and other material taxes, assessments, fees and other governmental charges levied or imposed upon them or their properties, income or assets otherwise due and payable, except those which are being contested in good faith by appropriate proceedings

diligently conducted and for which adequate reserves have been provided in accordance with generally accepted accounting principles. There is no proposed tax assessment against the Borrower or any Subsidiary that would, if made, reasonably be expected to have a Material Adverse Effect. Neither any Credit Party nor any Subsidiary thereof is party to any tax sharing agreement.

5.7 Litigation and Contingent Obligations

. There is no litigation, arbitration, governmental investigation, proceeding or inquiry pending or, to the knowledge of any of their Authorized Officers, threatened against or affecting the Borrower or any Subsidiaries which could reasonably be expected to have a Material Adverse Effect or which seeks to prevent, enjoin or delay the making of any Loans. Other than any liability incident to any litigation, arbitration or proceeding which could not reasonably be expected to have a Material Adverse Effect, the Borrower and its Subsidiaries have no material contingent obligations required to be reflected on the Borrower's consolidated balance sheet in accordance with generally accepted accounting principles and not provided for or disclosed in the financial statements referred to in Section 5.4.

5.8 Subsidiaries

. Schedule 5.8 contains an accurate list of all Subsidiaries of the Borrower as of the Closing Date, setting forth their respective jurisdictions of organization and the percentage of their respective capital stock or other ownership interests owned by the Borrower or its Subsidiaries. All of the issued and outstanding shares of capital stock or other ownership interests of such Subsidiaries have been (to the extent such concepts are relevant with respect to such ownership interests) duly authorized and issued and are fully paid and non-assessable.

5.9 ERISA

. The Unfunded Liabilities of all Single Employer Plans do not in the aggregate exceed \$10,000,000. Neither the Borrower nor any other member of the Controlled Group has incurred, or is reasonably expected to incur, pursuant to Section 4201 of ERISA, any withdrawal liability to Multiemployer Plans. Each Plan complies in all material respects with all applicable requirements of law and regulations. No Reportable Event has occurred with respect to any Plan. Neither the Borrower nor any other member of the Controlled Group has withdrawn from any Multiemployer Plan within the meaning of Title IV of ERISA or initiated steps to do so, and, to the knowledge of the Borrower, no steps have been taken to reorganize or terminate, within the meaning of Title IV of ERISA, any Multiemployer Plan.

5.10 Accuracy of Information

. (a) All information, exhibits or reports (other than the projected and pro-forma financial information referenced in clause (b) below (the "**Projections**")) furnished by the Borrower or any Subsidiary to the Administrative Agent or to any Lender in connection with the Transactions or with the negotiation of, or compliance with, the Loan Documents are, when furnished, complete and correct in all material respects and do not, when furnished, contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements contained therein, in light of the circumstances under which they were made, not materially misleading and (b) the Projections furnished by or on behalf of any Credit Party to the Administrative Agent or any Lender in connection with the Transactions or with the negotiation of, or compliance with, the Loan Documents (including, without limitation, any such Projections delivered on or about the Amendment No. 2 Effective Date), were prepared in good faith based upon assumptions believed to be reasonable at the time. As of the Amendment No. 2 Effective

Date, to the best knowledge of the Borrower, the information included in the Beneficial Ownership Certification provided on or prior to the Amendment No. 2 Effective Date to any Lender in connection with this Agreement is true and correct in all respects.

5.11 Regulation U

. Neither the Borrower nor any Subsidiary is engaged principally, or as one of its important activities, in the business of extending credit for the purpose, whether immediate, incidental or ultimate of buying or carrying margin stock (as defined in Regulation U), and after applying the proceeds of each Credit Extension, margin stock (as defined in Regulation U) constitutes less than 25% of the value of those assets of the Borrower and the Subsidiaries which are subject to any limitation on sale, pledge, or any other restriction hereunder.

5.12 Material Agreements

. Neither the Borrower nor any Subsidiary is a party to any agreement or instrument or subject to any charter or other corporate restriction which could reasonably be expected to have a Material Adverse Effect. Neither the Borrower nor any Subsidiary is in default in the performance, observance or fulfillment of any of the obligations, covenants or conditions contained in (a) any agreement or instrument to which it is a party, which default could reasonably be expected to have a Material Adverse Effect or (b) any agreement or instrument evidencing or governing Indebtedness.

5.13 Compliance With Laws

. The Borrower and the Subsidiaries have complied in all material respects with all applicable statutes, rules, regulations, orders and restrictions of any domestic or foreign government or any instrumentality or agency thereof having jurisdiction over the conduct of their respective businesses or the ownership of their respective Property except for any failure to comply with any of the foregoing which could not reasonably be expected to have a Material Adverse Effect.

5.14 Ownership of Properties

. The Borrower and the Subsidiaries have good title, free of all Liens other than those permitted by Section 6.15, to all of the assets reflected in the Borrower's most recent consolidated financial statements provided to the Administrative Agent, as owned by the Borrower and the Subsidiaries except (a) assets sold or otherwise transferred as permitted under Section 6.12 and (b) to the extent the failure to hold such title could not reasonably be expected to have a Material Adverse Effect.

5.15 Plan Assets; Prohibited Transactions

. None of the Credit Parties is an entity deemed to hold "plan assets" within the meaning of 29 C.F.R. § 2510.3-101 of an employee benefit plan (as defined in Section 3(3) of ERISA) which is subject to Title I of ERISA or any plan (within the meaning of Section 4975 of the Code), and assuming the accuracy of the representations and warranties made in Section 9.12 and in any assignment made pursuant to Section 12.3.3, neither the execution of this Agreement nor the making of Loans hereunder gives rise to a prohibited transaction within the meaning of Section 406 of ERISA or Section 4975 of the Code.

5.16 Environmental Matters

. In the ordinary course of its business, the officers of the Borrower and the Subsidiaries consider the effect of Environmental Laws on the business of the Borrower and the Subsidiaries, in the course of which they identify and evaluate potential risks and liabilities accruing to the Borrower or any Subsidiary due to Environmental Laws. Liabilities or costs pursuant to Environmental Laws cannot reasonably be expected to have a Material Adverse Effect. Neither the Borrower nor any Subsidiary has received any notice to the effect that it or its operations are not in compliance with any of the requirements of applicable Environmental Laws or are the subject of any federal, state or local investigation evaluating whether any remedial action is needed to respond to a release of any toxic or hazardous waste or substance into the environment, which non-compliance or remedial action could reasonably be expected to have a Material Adverse Effect.

5.17 Investment Company Act

. Neither the Borrower nor any Subsidiary is an “investment company” or a company “controlled” by an “investment company”, within the meaning of the Investment Company Act of 1940, as amended.

5.18 Status as Senior Debt

. The Obligations constitute “Senior Debt” as defined in each of the Note Purchase Agreements and in the Existing Loan Agreement.

5.19 Insurance

. The Borrower maintains, and has caused each Subsidiary to maintain, with financially sound and reputable insurance companies insurance on all their Property in such amounts, subject to such deductibles and self-insurance retentions and covering such properties and properties and risks as is consistent with sound business practice.

5.20 Solvency

. After giving effect to (a) the Credit Extensions to be made on the Closing Date or such other date as Credit Extensions requested hereunder are made, (b) the Transactions and the other transactions contemplated by this Agreement and the other Loan Documents, and (c) the payment and accrual of all transaction costs with respect to the foregoing, the Borrower and its Subsidiaries taken as a whole are Solvent.

5.21 No Default or Unmatured Default

. No Default or Unmatured Default has occurred and is continuing.

5.22 Reportable Transaction

. The Borrower does not intend to treat the Advances and related transactions as being a “**reportable transaction**” (within the meaning of the Treasury Regulation Section 1.6011-4). In the event the Borrower determines to take any action inconsistent with such intention, it will promptly notify the Administrative Agent thereof. The Borrower acknowledges that one or more of the Lenders may treat its Advances as part of a transaction that is subject to Treasury Regulation Section 1.6011-4 or Section 301.6112-1, and the Administrative Agent and such Lender or Lenders, as applicable, may file

such IRS forms or maintain such lists and other records as they may determine is required by such Treasury Regulations.

5.23 Post-Retirement Benefits

. The present value of the expected cost of post-retirement medical and insurance benefits payable by the Borrower and its Subsidiaries to its employees and former employees, as estimated by the Borrower in accordance with procedures and assumptions deemed reasonable by the Required Lenders is zero.

5.24 Anti-Corruption Laws and Sanctions

. The Borrower has implemented and maintains in effect policies designed to ensure compliance by the Borrower, its Subsidiaries and their respective directors, officers, employees and agents with Anti-Corruption Laws and is implementing policies and procedures designed to ensure compliance by the Borrower, its Subsidiaries and their respective directors, officers, employees and agents with Anti-Corruption Laws and applicable Sanctions, and the Borrower and its Subsidiaries and to the knowledge of an Authorized Officer of the Borrower, their respective officers, employees, directors and agents, are in compliance with Anti-Corruption Laws and applicable Sanctions in all material respects. None of (a) the Borrower, any Subsidiary or to the knowledge of an Authorized Officer of the Borrower or such Subsidiary any of their respective directors, officers or employees, or (b) to the knowledge of an Authorized Officer of the Borrower, any agent of the Borrower or any Subsidiary that will act in any capacity in connection with or benefit from the credit facility established hereby, is a Sanctioned Person. No borrowing of any Loan, request or issuance of any Facility LC, use of proceeds of any Loan or Facility LC or the execution, delivery and performance by the Credit Parties of this Agreement and the other Loan Documents will violate any Anti-Corruption Law or applicable Sanctions.

5.25 Money Laundering and Counter-Terrorist Financing Laws

. The Borrower and its Subsidiaries are in compliance in all material respects with the Bank Secrecy Act, as amended by Title III of the USA Patriot Act, to the extent applicable, and all other applicable anti-money laundering and counter-terrorist financing laws and regulations.

5.26 EEA Financial Institutions

. No Credit Party is an EEA Financial Institution.

ARTICLE VI

COVENANTS

During the term of this Agreement, unless the Required Lenders shall otherwise consent in writing:

6.1 Financial Reporting

. The Borrower will maintain, for itself and each Subsidiary, a system of accounting established and administered in accordance with generally accepted accounting principles, and furnish to the Lenders:

6.1.1 Within 90 days after the close of each of the Borrower's fiscal years, commencing with the fiscal year ending in 2017, financial statements prepared in accordance with Agreement Accounting Principles on a consolidated basis, for itself and its Subsidiaries, including balance sheets as of the end of such period, statements of income and statements of cash flows, accompanied by (a) an audit report, unqualified as to scope, of a nationally recognized firm of independent public accountants or other independent public accountants reasonably acceptable to the Required Lenders; (b) any management letter prepared by said accountants, and (c) a certificate of said accountants that, in the course of their examination necessary for their certification of the foregoing, they have obtained no knowledge of any Default or Unmatured Default, or if, in the opinion of such accountants, any Default or Unmatured Default shall exist, stating the nature and status thereof.

6.1.2 Within 45 days after the close of the first three quarterly periods of each of the Borrower's fiscal years, commencing with the first fiscal quarter ending in 2017, for the Borrower and its Subsidiaries, consolidated unaudited balance sheets as at the close of each such period and consolidated statements of income and a statement of cash flows for the period from the beginning of such fiscal year to the end of such quarter, all certified as to fairness of presentation, compliance with Agreement Accounting Principles and consistency by its chief financial officer or treasurer.

6.1.3 Together with the financial statements required under Sections 6.1.1 and 6.1.2, a compliance certificate in substantially the form of Exhibit A signed by its chief financial officer or treasurer showing the calculations necessary to determine compliance with this Agreement, which certificate shall also state that no Default or Unmatured Default exists, or if any Default or Unmatured Default exists, stating the nature and status thereof, and a certificate executed and delivered by the chief executive officer or chief financial officer stating that the Borrower and each of its respective principal officers are in compliance with all requirements of Section 302 and Section 906 of the Sarbanes-Oxley Act of 2002 and all rules and regulations related thereto.

6.1.4 Within 120 days after the close of each of the Borrower's fiscal years, a copy of the plan and forecast (including a projected balance sheet, income statements and funds flow statements, and any narrative prepared with respect thereto) of the Borrower and its Subsidiaries for the upcoming fiscal year prepared in such detail as shall be reasonably satisfactory to the Administrative Agent.

6.1.5 Within 270 days after the close of each fiscal year of the Borrower, if applicable, a copy of the actuarial report showing the Unfunded Liabilities of each Single Employer Plan as of the valuation date occurring in such fiscal year, certified by an actuary enrolled under ERISA.

6.1.6 As soon as possible and in any event within 10 days after the Borrower knows that any Reportable Event has occurred with respect to any Plan, a statement, signed by the chief financial officer or treasurer of the Borrower, describing said Reportable Event and the action which the Borrower proposes to take with respect thereto.

6.1.7 As soon as possible and in any event within 10 days after receipt by the Borrower or any Subsidiary, a copy of (a) any notice or claim to the effect that the Borrower or any Subsidiary is or may be liable to any Person as a result of the release by the Borrower, any

Subsidiary, or any other Person of any toxic or hazardous waste or substance into the indoor or outdoor environment, and (b) any notice alleging any non-compliance with, violation of or liability pursuant to any Environmental Law by the Borrower or any Subsidiary, which, in either case, could reasonably be expected to have a Material Adverse Effect.

6.1.8 Promptly upon the furnishing thereof to the shareholders of the Borrower, copies of all financial statements, reports and proxy statements so furnished.

6.1.9 Promptly upon the filing thereof, copies of all registration statements and annual, quarterly, monthly or other regular reports which the Borrower or any Subsidiary files with the SEC, including, without limitation, all certifications and other filings required by Section 302 and Section 906 of the Sarbanes-Oxley Act of 2002 and all rules and regulations related thereto.

6.1.10 Prior to the execution thereof, draft copies of (x) all material amendments to the Existing Loan Agreement, the Note Purchase Agreements, the Senior Notes and any notes, indenture or other agreements evidencing Indebtedness incurred pursuant to clause (b) of Section 6.14.11, pursuant to Section 6.14.12 or pursuant to clause (b) of Section 6.14.16 and (y) the documents governing the initial issuance of any Indebtedness incurred pursuant to clause (b) of Section 6.14.11, pursuant to Section 6.14.12 or pursuant to clause (b) Section 6.14.16.

6.1.11 Such other information (including (x) non-financial information and (y) information and documentation for purposes of compliance with applicable “know your customer” and anti-money laundering rules and regulations, including the Patriot Act and the Beneficial Ownership Regulation) as the Administrative Agent or any Lender may from time to time reasonably request.

6.1.12 Promptly upon the occurrence thereof, written notice of any change in the information provided in the Beneficial Ownership Certification delivered to such Lender that would result in a change to the list of beneficial owners identified in such certification.

6.2 Use of Proceeds

. The Borrower and its Subsidiaries used the proceeds of the Initial Term Loans (other than any Incremental Term Loans) as provided in the Existing Credit Agreement and will use the proceeds of the Revolving Loans, Incremental Term Loans, Additional Term Loans and the Facility LCs issued hereunder for general corporate purposes including, without limitation, for working capital, repayment of certain existing Indebtedness of the Borrower, capital expenditures permitted under this Agreement, Permitted Acquisitions and distributions permitted under Section 6.10 and to pay fees and expenses incurred in connection with this Agreement. The Borrower and its Subsidiaries shall use the proceeds of Credit Extensions in compliance with all applicable legal and regulatory requirements and any such use shall not result in a violation of any such requirements, including, without limitation, Regulation U and X, the Securities Act of 1933, as amended, and the Securities Exchange Act of 1934, as amended, and the regulations promulgated thereunder. The Borrower shall not request any Loan or Facility LC, and the Borrower shall not use, and shall procure that its Subsidiaries and its or their respective directors, officers, employees and agents shall not use, the proceeds of any Loan or Facility LC (i) in furtherance of an offer, payment, promise to pay, or authorization of the payment or giving of money, or anything else of value, to any Person in violation of any Anti-Corruption Laws, (ii) for the purpose of funding, financing or

facilitating any activities, business or transaction of or with any Sanctioned Person, or in any Sanctioned Country or (iii) in any manner that would result in the violation of any Sanctions applicable to any party hereto.

6.3 Notice of Default

. Within five (5) Business Days after an Authorized Officer of the Borrower becomes aware thereof, the Borrower will, and will cause each Subsidiary to, give notice in writing to the Lenders of the occurrence of (i) any Default or Unmatured Default, (ii) the occurrence of any Off-Balance Sheet Trigger Event or any material default under or with respect to any Material Indebtedness or any material service agreement to which the Borrower or any Subsidiary is a party (together with copies of all default notices, if any, pertaining thereto) and (iii) any other development, financial or otherwise, which could reasonably be expected to have a Material Adverse Effect.

6.4 Conduct of Business

. The Borrower will, and will cause each Subsidiary to, carry on and conduct its business in substantially the same manner and in substantially the same fields of enterprise as conducted by the Borrower or its Subsidiaries as of the Closing Date, and do all things necessary to remain duly incorporated or organized, validly existing and (to the extent such concept applies to such entity) in good standing as a domestic corporation, partnership or limited liability company in its jurisdiction of incorporation or organization, as the case may be, as in effect on the Closing Date, and, except to the extent failure to do so could not reasonably be expected to have a Material Adverse Effect, maintain all requisite authority to conduct its business in each jurisdiction in which its business is conducted.

6.5 Taxes

. The Borrower will, and will cause its Subsidiaries to, timely file all Federal, state and other material tax returns and reports required to be filed, pay all Federal, state and other material taxes, assessments, fees and other governmental charges levied or imposed upon them or their properties, income or assets otherwise due and payable, except (i) those which are being contested in good faith by appropriate proceedings diligently conducted and for which adequate reserves have been provided in accordance with generally accepted accounting principles and (ii) those taxes, assessments, fees and other governmental charges which by reason of the amount involved or the remedies available to the applicable taxing authority could not reasonably be expected to have a Material Adverse Effect.

6.6 Insurance

. The Borrower will, and will cause each Subsidiary to, maintain with financially sound and reputable insurance companies insurance on all their Property in such amounts, subject to such deductibles and self-insurance retentions, and covering such properties and risks as is consistent with sound business practice, and the Borrower will furnish to any Lender upon request full information as to the insurance carried.

6.7 Compliance with Laws

. The Borrower will, and will cause each Subsidiary to, comply with all laws, rules, regulations, orders, writs, judgments, injunctions, decrees or awards to which it may be subject including, without limitation, all Environmental Laws and Section 302 and Section 906 of the Sarbanes-Oxley Act of 2002, except where the failure to do so, individually or in the aggregate, could not reasonably be expected to

have a Material Adverse Effect. The Borrower will conduct its business in compliance in all material respects with applicable Anti-Corruption Laws and Sanctions and maintain in effect and enforce policies reasonably designed to ensure compliance by the Borrower, its Subsidiaries and their respective directors, officers, employees and agents with all applicable Anti-Corruption Laws and Sanctions.

6.8 Maintenance of Properties

. Subject to Section 6.12, the Borrower will, and will cause each Subsidiary to, do all things necessary to maintain, preserve, protect and keep its Property used in the operation of its business in good repair, working order and condition (ordinary wear and tear excepted), and make all necessary and proper repairs, renewals and replacements so that its business carried on in connection therewith may be properly conducted at all times, except where the failure to do so, individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect.

6.9 Inspection; Keeping of Books and Records

. The Borrower will, and will cause each Subsidiary to, permit the Administrative Agent and the Lenders, by their respective representatives and agents, to inspect any of the Property, books and financial records of the Borrower and each Subsidiary, to examine and make copies of the books of accounts and other financial records of the Borrower and each Subsidiary, and to discuss the affairs, finances and accounts of the Borrower and each Subsidiary with, and to be advised as to the same by, their respective officers at such reasonable times and intervals as the Administrative Agent or any Lender may designate. The Borrower shall keep and maintain, and shall cause each Subsidiary to keep and maintain, in all material respects, complete, accurate and proper books of record and account in which entries in conformity with Agreement Accounting Principles shall be made of all dealings and transactions in relation to their respective businesses and activities. If a Default has occurred and is continuing, the Borrower, upon the Administrative Agent's request, shall turn over copies of any such records to the Administrative Agent or its representatives.

6.10 Dividends

. The Borrower will not, and will not permit any Subsidiary to, declare or pay any dividend or make any distribution on its capital stock (other than dividends payable in its own capital stock) or redeem, repurchase or otherwise acquire or retire any of its capital stock at any time outstanding, except that (a) any Subsidiary of the Borrower may declare and pay dividends or make distributions to the Borrower or to a Guarantor or any other Wholly Owned Subsidiary of the Borrower and (b) the Borrower may declare and pay dividends on its capital stock, and may repurchase shares of its capital stock, *provided that* (x) no Default or Unmatured Default shall exist before or after giving effect (including giving effect on a pro forma basis) to such dividends (or be created as a result thereof) and (y) the Borrower shall be in compliance with the financial covenants set forth in Sections 6.20 and 6.21 for the four fiscal quarter period reflected in the compliance certificate most recently delivered to the Administrative Agent pursuant to Section 6.1.3 prior to the payment of such dividend or such repurchase (after giving effect (including giving effect on a pro forma basis) to the issuance of any Indebtedness in connection therewith and such dividend or repurchase as if made on the first day of such period).

6.11 Merger

. The Borrower will not, and will not permit any Subsidiary to, merge or consolidate with or into any other Person, except that:

6.11.1 A Guarantor may merge into (a) the Borrower, *provided* that the Borrower shall be the continuing or surviving corporation, or (b) another Guarantor or any other Person that becomes a Guarantor promptly upon the completion of the applicable merger or consolidation.

6.11.2 A Subsidiary that is not a Guarantor and not required to be a Guarantor may merge or consolidate with or into the Borrower or any Wholly Owned Subsidiary; *provided* that if a Credit Party is party to any such merger or consolidation, such Credit Party shall be the continuing or surviving entity.

6.11.3 Subject to the provisos set forth in Sections 6.11.1 and 6.11.2 above, any Subsidiary of the Borrower may consummate any merger or consolidation in connection with any Permitted Acquisition.

6.12 *Sale of Assets*

. The Borrower will not, and will not permit any Subsidiary to, consummate any Asset Sale to any other Person, except:

6.12.1 Sales of inventory in the ordinary course of business.

6.12.2 A disposition of assets (a) by the Borrower or any Subsidiary to any Credit Party, (b) by a Subsidiary that is not a Credit Party and not required to be a Guarantor to any other Subsidiary and (c) subject to Section 6.24, by any Credit Party to any Foreign Subsidiary.

6.12.3 A disposition of obsolete property or property no longer used in the business of the Borrower or any Subsidiary.

6.12.4 So long as no Default or Unmatured Default has occurred, a disposition of assets for an aggregate purchase price of up to \$825,000,000 outstanding at any time pursuant to, and in accordance with, the Receivables Purchase Facilities.

6.12.5 The license or sublicense of software, trademarks, and other intellectual property in the ordinary course of business which do not materially interfere with the business of the Borrower or any Subsidiary.

6.12.6 Consignment arrangements (as consignor or consignee) or similar arrangements for the sale of goods in the ordinary course of business and consistent with the past practices of the Borrower and the Subsidiaries.

6.12.7 So long as no Default or Unmatured Default shall have occurred and is continuing or would result therefrom, Asset Sales that (a) are for consideration consisting at least seventy-five percent (75%) of cash and (b) are for not less than fair market value; *provided* that (i) for any such Asset Sale made during the period commencing on March 23, 2015 and continuing through March 23, 2017, (A) the aggregate Disposition Value of all assets owned directly or indirectly by the Borrower on March 23, 2015 that are the subject of any such Asset Sale during any fiscal year of the Borrower, excluding the value of intangible assets allocated to such property, shall not exceed 15% of Consolidated Total Tangible Assets as of the end of the preceding fiscal year, and (B) the aggregate Disposition Value of all assets acquired directly or indirectly by the Borrower after March 23, 2015 that are the subject of all such Asset Sales during a Borrower fiscal year shall not exceed 15% of Consolidated Total Assets as of the end of the

preceding fiscal year; provided, further, however, that notwithstanding when the Borrower directly or indirectly acquired the property, the Borrower shall not make any such Asset Sale during any fiscal year that would result in aggregate Disposition Value of all property that was the subject of all such Asset Sales, excluding the value of intangible assets allocated to such property, exceeding 15% of Consolidated Total Tangible Assets as of the end of the preceding fiscal year and (ii) for any such Asset Sale occurring on or after March 23, 2017, immediately after giving effect (including giving effect on a pro forma basis) to such Asset Sale, the aggregate Disposition Value of all property that was the subject of all such Asset Sales occurring in the then current fiscal year of the Borrower would not exceed 15% of Consolidated Total Assets as of the end of the then most recently completed fiscal year of the Borrower; *provided still further, however*, that if the Net Proceeds Amount for any such Asset Sale is applied, within 90 days before or 365 days after the receipt thereof, (x) to prepay the Term Loans and other Senior Debt in accordance with Section 2.4.4 (in the case of any such prepayment of other Senior Debt, subject to any rights of the holders of such other Senior Debt to decline such prepayments in accordance with the applicable terms of the documentation governing such other Senior Debt) or (y) to a Property Reinvestment Application, then such Asset Sale, only for the purpose of determining compliance with this Section 6.12.7 as of any date, shall be deemed not constitute an Asset Sale.

6.13 *Investments and Acquisitions*

. The Borrower will not, and will not permit any Subsidiary to, make or suffer to exist any Investments (including without limitation, loans and advances to, and other Investments in, Subsidiaries), or to create any Subsidiary or to become or remain a partner in any partnership or joint venture, or to make any Acquisition of any Person, except:

6.13.1 Cash and Cash Equivalent Investments and other Investments that comply with the Borrower's investment policy as in effect on the Closing Date, a copy of which the Borrower has provided to the Administrative Agent.

6.13.2 Investments in existence on the Closing Date and described in Schedule 6.13 and any renewal or extension of any such Investments that does not increase the amount of the Investment being renewed or extended as determined as of such date of renewal or extension.

6.13.3 Investments in trade receivables or other investments received in connection with the bankruptcy or reorganization of suppliers and customers and in settlement of delinquent obligations of, and other disputes with, customers and suppliers arising in the ordinary course of business.

6.13.4 Investments consisting of intercompany loans permitted under Section 6.14.6.

6.13.5 All Acquisitions meeting the following requirements or otherwise approved by the Required Lenders (each such Acquisition constituting a "**Permitted Acquisition**"):

(a) as of the date of the consummation of such Acquisition, no Default or Unmatured Default shall have occurred and be continuing or would result from such Acquisition, and the representation and warranty contained in Section 5.11 shall be true both before and after giving effect (including giving effect on a pro forma basis) to such Acquisition;

(b) such Acquisition is consummated on a non-hostile basis pursuant to a negotiated acquisition agreement approved by the board of directors or other applicable governing body of the seller or entity to be acquired, and no material challenge to such Acquisition (excluding the exercise of appraisal rights) shall be pending or threatened in writing by any shareholder or director of the seller or entity to be acquired;

(c) the business to be acquired in such Acquisition is similar or related to one or more of the lines of business in which the Borrower and the Subsidiaries are engaged on the Closing Date;

(d) as of the date of the consummation of such Acquisition, all material governmental and corporate approvals required in connection therewith shall have been obtained;

(e) the Borrower shall be in compliance with the financial covenants set forth in Sections 6.20 and 6.21 for the four fiscal quarter period reflected in the compliance certificate most recently delivered to the Administrative Agent pursuant to Section 6.1.3 prior to the consummation of such Acquisition (after giving effect (including giving effect on a pro forma basis) to such Acquisition and the issuance or assumption of any Indebtedness in connection therewith, in each case as if consummated on the first day of such period);

(f) with respect to each Permitted Acquisition with respect to which the Purchase Price shall be greater than \$200,000,000, not less than fifteen (15) days prior to the consummation of such Permitted Acquisition, the Borrower shall have delivered to the Administrative Agent a pro forma consolidated balance sheet, income statement and cash flow statement of the Borrower and the Subsidiaries (the “**Acquisition Pro Forma**”), based on the Borrower’s most recent financial statements delivered pursuant to Section 6.1.1 and using historical financial statements for the acquired entity provided by the seller(s) or which shall be complete and shall fairly present, in all material respects, the financial condition and results of operations and cash flows of the Borrower and its Subsidiaries in accordance with Agreement Accounting Principles, but taking into account such Permitted Acquisition and the repayment of any Indebtedness in connection with such Permitted Acquisition, and such Acquisition Pro Forma shall reflect that, on a pro forma basis, the Borrower would have been in compliance with the financial covenants set forth in Sections 6.20 and 6.21 for the four fiscal quarter period reflected in the compliance certificate most recently delivered to the Administrative Agent pursuant to Section 6.1.3 prior to the consummation of such Permitted Acquisition (giving effect (including giving effect on a pro forma basis) to such Permitted Acquisition as if made on the first day of such period); and

(g) the Borrower shall deliver to the Administrative Agent, in form and substance acceptable to the Administrative Agent:

(i) concurrently with the consummation of each such Permitted Acquisition, to the extent required under 6.23, a supplement to the Guaranty if the Permitted Acquisition is an Acquisition of Capital Stock and the target company will not be merged with the Borrower; and

(ii) on or prior to the consummation of each such Permitted Acquisition with respect to which the Purchase Price shall be greater than \$200,000,000:

(A) the financial statements of the target entity together with any pro forma financial statements, projections, forecasts and budgets prepared by the Borrower in connection therewith;

(B) a copy of the acquisition agreement for such Acquisition, together with drafts of the material schedules thereto;

(C) a copy of all documents, instruments and agreements with respect to any Indebtedness to be incurred or assumed in connection with such Acquisition; and

(D) such other documents or information as shall be reasonably requested by the Administrative Agent or any Lender

6.13.6 Investments constituting promissory notes and other non-cash consideration received in connection with any transfer of assets permitted under Section 6.12.7.

6.13.7 Customer advances in the ordinary course of business.

6.13.8 Extensions of customer or trade credit in the ordinary course of business consistent with the Borrower's and the Subsidiaries' past practices.

6.13.9 Investments constituting Rate Management Transactions permitted under Section 6.17.

6.13.10 Subject to Section 6.24, the creation or formation of new Subsidiaries (as opposed to the Acquisition of new Subsidiaries), so long as all applicable requirements under Section 6.23 shall have been, or concurrently therewith are, satisfied.

6.13.11 Investments constituting expenditures for any purchase or other acquisition of any asset which would be classified as a fixed or capital asset on a consolidated balance sheet of the Borrower and its Subsidiaries prepared in accordance with Agreement Accounting Principles to the extent otherwise permitted under this Agreement.

6.13.12 Investments by (a) the Borrower and its Subsidiaries in any Credit Party, (b) any Subsidiary which is not a Credit Party and is not required to be a Guarantor in any other Subsidiary which is not a Credit Party and is not required to be a Guarantor and (c) subject to Section 6.24, any Credit Party in any Foreign Subsidiary.

6.13.13 Deposits made in the ordinary course of business and referred to in Sections 6.15.4, 6.15.6 and 6.15.7.

6.13.14 (a) Cash Investments constituting the initial capitalization of an SPV in connection with the consummation of any Receivables Purchase Facility permitted under this Agreement in an aggregate amount (calculated based on aggregate of the initial cash capitalization amount of each such SPV) not to exceed \$10,000,000, and (b) other Investments in

connection with any Receivables Purchase Facility permitted under this Agreement (including intercompany Indebtedness permitted under Section 6.14.4(b)).

6.13.15 Additional Investments so long as at the time of and immediately after giving effect (including giving effect on a pro forma basis) to such any such Investment (a) no Default or Unmatured Default exists or would result therefrom and (b) the aggregate amount of all Investments made pursuant to this Section 6.13.15 does not exceed \$35,000,000 during the term of this Agreement (calculated exclusive of any Investment made pursuant to this Section 6.13.15 if, at the time of and immediately after giving effect (including giving effect on a pro forma basis) to such Investment, the Leverage Ratio is less than or equal to 2.50 to 1.00 on a pro forma basis for the four fiscal quarter period reflected in the compliance certificate most recently delivered to the Administrative Agent pursuant to Section 6.1.3).

For the avoidance of doubt, for purposes of determining compliance with this Section 6.13, if an Investment meets the criteria of more than one of the types of Investments described in the above clauses, the Borrower, in its reasonable discretion, shall classify, and from time to time may reclassify, such Investment and only be required to include the amount and type of such Investment in one of such clauses.

6.14 *Indebtedness*

. The Borrower will not, and will not permit any Subsidiary to, create, incur or suffer to exist any Indebtedness, except:

6.14.1 The Obligations.

6.14.2 Indebtedness existing on the Closing Date and described in Schedule 6.14, and any Permitted Refinancing thereof.

6.14.3 Indebtedness arising under Rate Management Transactions permitted under Section 6.17;

6.14.4 (a) Amounts owing under the Receivables Purchase Facilities, the principal amount of which shall not exceed \$825,000,000 in the aggregate at any time and (b) subordinated intercompany Indebtedness owing to the Borrower or any Subsidiary of the Borrower by any SPV in connection with a Receivables Purchase Facility permitted hereunder.

6.14.5 Secured or unsecured purchase money Indebtedness (including Capitalized Leases) incurred by the Borrower or any Subsidiary after the Closing Date to finance the acquisition of assets used in its business, if (a) at the time of such incurrence, no Default or Unmatured Default has occurred and is continuing or would result from such incurrence, (b) such Indebtedness does not exceed the lower of the fair market value or the cost of the applicable fixed assets on the date acquired, (c) such Indebtedness does not exceed \$50,000,000 in the aggregate outstanding at any time, and (d) any Lien securing such Indebtedness is permitted under Section 6.15 (such Indebtedness being referred to herein as “**Permitted Purchase Money Indebtedness**”).

6.14.6 Indebtedness arising from intercompany loans and advances made by (a) the Borrower or any Subsidiary to any Credit Party, *provided* that all such Indebtedness shall be expressly subordinated to the Obligations, (b) any Subsidiary that is not a Credit Party to any

other Subsidiary that is not a Credit Party or (c) subject to Section 6.24, any Credit Party to any Foreign Subsidiary.

6.14.7 Indebtedness assumed by the Borrower or any Subsidiary in connection with a Permitted Acquisition but not created in contemplation of such event.

6.14.8 Indebtedness constituting Contingent Obligations otherwise permitted by Section 6.19.

6.14.9 Indebtedness under (a) performance bonds and surety bonds and (b) bank overdrafts and other Indebtedness arising in connection with customary cash management services outstanding for not more than five (5) Business Days, in each case incurred in the ordinary course of business.

6.14.10 To the extent the same constitutes Indebtedness, obligations in respect of earn-out arrangements permitted pursuant to a Permitted Acquisition.

6.14.11 (a) Unsecured Indebtedness arising under the Note Purchase Agreements and the Senior Notes (and any guarantees in respect thereof), and (b) any Permitted Refinancing thereof; *provided* that, in the case of this clause (b), (i) no Default or Unmatured Default shall be continuing as of the date of issuance thereof, (ii) the Borrower shall be in compliance with the financial covenants set forth in Sections 6.20 (without giving effect to any Temporary Increase Period) and 6.21 for the four fiscal quarter period reflected in the compliance certificate most recently delivered (prior to the issuance and use of proceeds of such Indebtedness) to the Administrative Agent pursuant to Section 6.1.3 after giving effect (including giving effect on a pro forma basis) to the issuance of such Indebtedness (and the use of proceeds thereof) as if made on the first day of such period and (iii) such Indebtedness shall be unsecured.

6.14.12 Additional unsecured Indebtedness of the Borrower or any Subsidiary; *provided* that (w) no Default or Unmatured Default shall be continuing as of the date of issuance or incurrence thereof or would result therefrom, (x) at the time of and immediately after giving effect (including giving effect on a pro forma basis) to the issuance or incurrence of such Indebtedness (and the use of proceeds thereof), (i) the Borrower shall be in compliance on a pro forma basis for the four fiscal quarter period reflected in the compliance certificate most recently delivered to the Administrative Agent pursuant to Section 6.1.3 with the financial covenants set forth in Section 6.20 (without giving effect to any Temporary Increase Period) and Section 6.21 and (ii) the Leverage Ratio is less than or equal to 2.50 to 1.00 on a pro forma basis for the four fiscal quarter period reflected in the compliance certificate most recently delivered to the Administrative Agent pursuant to Section 6.1.3, (y) such Indebtedness shall have a maturity date no earlier than the Maturity Date, shall not provide for any mandatory principal prepayments or amortization prior to the Maturity Date in excess of one percent (1%) per year and shall have terms and conditions (including covenants and events of default) that are not more restrictive in any material respect than those contained in this Agreement, as determined by the Borrower in good faith, and (z) the aggregate principal amount of all such Indebtedness of Subsidiaries that are not Guarantors shall not exceed \$35,000,000 at any time outstanding.

6.14.13 Customer deposits and advance payments received by the Borrower or any Subsidiary in the ordinary course of business from customers for goods or services purchased in the ordinary course of business.

6.14.14 Indebtedness representing deferred compensation, stock-based compensation or retirement benefits to employees of the Borrower or any Subsidiary incurred in the ordinary course of business.

6.14.15 Indebtedness of the Borrower or any Subsidiary consisting of (A) Indebtedness owed to any insurance provider for the financing of insurance premiums so long as such Indebtedness shall not be in excess of the amount of such premiums, and shall be incurred only to defer the cost of such premiums, for the annual period in which such Indebtedness is incurred or (B) take-or-pay obligations contained in supply arrangements, in each case incurred in the ordinary course of business.

6.14.16 (a) Unsecured Indebtedness arising under the Existing Loan Agreement (and any guarantees in respect thereof), and (b) any Permitted Refinancing thereof, *provided* that, in the case of this clause (b), (i) no Default or Unmatured Default shall be continuing as of the date of issuance thereof, (ii) the Borrower shall be in compliance with the financial covenants set forth in Sections 6.20 (without giving effect to any Temporary Increase Period) and 6.21 for the four fiscal quarter period reflected in the compliance certificate most recently delivered (prior to the issuance and use of proceeds of such Indebtedness) to the Administrative Agent pursuant to Section 6.13 after giving effect (including giving effect on a pro forma basis) to the issuance of such Indebtedness (and the use of proceeds thereof) as if made on the first day of such period and (iii) such Indebtedness shall be unsecured.

For the avoidance of doubt, for purposes of determining compliance with this Section 6.14, if an item of Indebtedness meets the criteria of more than one of the types of Indebtedness described in the above clauses, the Borrower, in its reasonable discretion, shall classify, and from time to time may reclassify, such item of Indebtedness and only be required to include the amount and type of such Indebtedness in one of such clauses; *provided*, that (i) all Indebtedness arising under the Note Purchase Agreements and the Senior Notes (and any guarantees in respect thereof) and any Permitted Refinancing thereof shall be permitted to be outstanding only under Section 6.14.11 and (ii) all Indebtedness arising under the Existing Loan Agreement (and any guarantees in respect thereof) and any Permitted Refinancing thereof shall be permitted to be outstanding only under Section 6.14.16.

6.15 *Liens*

. The Borrower will not, and will not permit any Subsidiary to, create, incur, or suffer to exist any Lien in, of or on the Property of the Borrower or any Subsidiary, except:

6.15.1 Liens, if any, securing Obligations.

6.15.2 Liens for taxes, assessments or governmental charges or levies on its Property if the same shall not at the time be delinquent or thereafter can be paid without penalty, or are being contested in good faith and by appropriate proceedings and for which adequate reserves in accordance with Agreement Accounting Principles shall have been set aside on its books.

6.15.3 Liens imposed by law, such as landlords', wage earners', carriers', warehousemen's and mechanics' liens and other similar liens arising in the ordinary course of business which secure payment of obligations not more than 45 days past due or which are being contested in good faith by appropriate proceedings and for which adequate reserves in accordance with Agreement Accounting Principles shall have been set aside on its books.

6.15.4 Liens arising out of pledges or deposits under worker's compensation laws, unemployment insurance, old age pensions, or other social security or retirement benefits, or similar legislation.

6.15.5 Liens existing on the Closing Date and described in Schedule 6.15.

6.15.6 Deposits securing liability to insurance carriers under insurance or self-insurance arrangements.

6.15.7 Deposits to secure the performance of bids, trade contracts (other than for borrowed money), leases, statutory obligations, surety and appeal bonds, performance bonds and other obligations of a like nature incurred in the ordinary course of business.

6.15.8 Easements, reservations, rights-of-way, restrictions, survey exceptions and other similar encumbrances as to real property of the Borrower and the Subsidiaries which customarily exist on properties of corporations engaged in similar activities and similarly situated and which are not material in amount and that do not materially interfere with the conduct of the business of the Borrower or such Subsidiary conducted at the property subject thereto.

6.15.9 Liens arising by reason of any judgment, decree or order of any court or other Governmental Authority, but only to the extent and for an amount and for a period not resulting in a Default under Section 7.9.

6.15.10 Liens on receivables and related assets (including, without limitation, (a) any interest in the equipment or inventory (including returned or repossessed goods), if any, the sale, financing or lease of which gave rise to the receivables, together with insurance related thereto, (b) all security interests purporting to secure payment of the receivables, (c) all guaranties, insurance, letters of credit or other agreements supporting or securing payment of the receivables, (d) all contracts associated with the receivables, (e) all collection accounts and lockbox accounts into which receivables payments are made, (f) all records relating to the receivables, and (g) all proceeds of the foregoing), arising in connection with a Receivables Purchase Facility permitted under Section 6.14.4.

6.15.11 Liens existing on any specific fixed asset of any Subsidiary of the Borrower at the time such Subsidiary becomes a Subsidiary and not created in contemplation of such event.

6.15.12 Liens on any specific fixed asset securing Indebtedness incurred or assumed for the purpose of financing or refinancing all or any part of the cost of acquiring or constructing such asset; *provided* that such Lien attaches to such asset concurrently with or within six (6) months after the acquisition or completion or construction thereof.

6.15.13 Liens existing on any specific fixed asset of any Subsidiary of the Borrower at the time such Subsidiary is merged or consolidated with or into the Borrower or any Subsidiary and not created in contemplation of such event.

6.15.14 Liens existing on any specific fixed asset prior to the acquisition thereof by the Borrower or any Subsidiary and not created in contemplation thereof; *provided* that such Liens do not encumber any other property or assets, other than improvements thereon and proceeds thereof.

6.15.15 Liens arising out of the refinancing, extension, renewal or refunding of any Indebtedness secured by any Lien permitted under Sections 6.15.5, 6.15.10, and 6.15.11 through 6.15.14; *provided* that (a) such Indebtedness is not secured by any additional assets, other than improvements thereon and proceeds thereof, and (b) the amount of such Indebtedness secured by any such Lien is not increased.

6.15.16 Liens securing Permitted Purchase Money Indebtedness; *provided* that such Liens shall not apply to any property of the Borrower or any Subsidiary other than that purchased with the proceeds of such Permitted Purchase Money Indebtedness, other than improvements thereon and proceeds thereof.

6.15.17 Liens in respect of Capitalized Lease Obligations to the extent permitted hereunder and Liens arising under any equipment, furniture or fixtures leases or Property consignments to the Borrower or any Subsidiary otherwise permitted under the Loan Documents.

6.15.18 Licenses, leases or subleases granted to others in the ordinary course of business consistent with the Borrower's and the Subsidiaries' past practices that do not materially interfere with the conduct of the business of the Borrower and the Subsidiaries taken as a whole.

6.15.19 Statutory and contractual landlords' Liens under leases to which the Borrower or any Subsidiary is a party.

6.15.20 Liens in favor of a banking institution arising as a matter of applicable law encumbering deposits (including the right of set-off) held by such banking institutions incurred in the ordinary course of business and which are within the general parameters customary in the banking industry.

6.15.21 Liens in favor of customs and revenue authorities arising as a matter of applicable law to secure the payment of customs' duties in connection with the importation of goods.

6.15.22 Any interest or title of a lessor, sublessor, licensee or licensor under any lease or license agreement permitted by this Agreement.

6.15.23 Liens not otherwise permitted under this Section 6.15 to the extent attaching to Properties and assets with an aggregate fair market value not in excess of, and securing liabilities not in excess of, \$25,000,000 in the aggregate at any one time outstanding.

6.15.24 Liens on the properties or assets or any Foreign Subsidiary, whether now or hereafter acquired, securing Indebtedness that is non-recourse to the Borrower or any Domestic Subsidiary, provided that the aggregate principal amount of Indebtedness secured by all such Liens does not exceed \$5,000,000 at any time.

6.15.25 Contractual rights of setoff or any contractual Liens or netting rights, in each case arising in connection with Rate Management Transactions.

6.15.26 Precautionary Uniform Commercial Code financing statements filed solely as a precautionary measure in connection with operating leases or consignment of goods.

6.15.27 Liens on specific items of inventory or other goods and the proceeds thereof securing obligations in respect of documentary letters of credit or bankers' acceptances issued or created for the account of the Borrower or any Subsidiary in the ordinary course of business to facilitate the purchase, shipment or storage of such inventory or other goods.

6.16 *Affiliates*

. The Borrower will not enter into, directly or indirectly, and will not permit any Subsidiary to enter into, directly or indirectly, any transaction (including, without limitation, the purchase or sale of any Property or service) with, or make any payment or transfer to, any Affiliate (other than the Borrower and the Guarantors) except (a) in the ordinary course of business and pursuant to the reasonable requirements of the Borrower's or such Subsidiary's business and upon fair and reasonable terms no less favorable to the Borrower or such Subsidiary than the Borrower or such Subsidiary would obtain in a comparable arm's-length transaction and (b) in connection with any Receivables Purchase Facility permitted under Section 6.14.4.

6.17 *Financial Contracts*

. The Borrower will not, and will not permit any Subsidiary to, enter into or remain liable upon any Rate Management Transactions except for those entered into (a) by the Borrower and its Subsidiaries in the ordinary course of business for bona fide hedging purposes and not for speculative purposes and (b) by any SPV in connection with a Receivables Purchase Facility permitted hereunder.

6.18 *Subsidiary Covenants*

. The Borrower will not, and will not permit any Subsidiary (other than any SPV) to, create or otherwise cause to become effective any consensual encumbrance or restriction of any kind on the ability of any Subsidiary (other than any SPV) (a) to pay dividends or make any other distribution on its stock, (b) to pay any Indebtedness or other obligation owed to the Borrower or any Subsidiary, (c) to make loans or advances or other Investments in the Borrower or any Subsidiary, or (d) to sell, transfer or otherwise convey any of its property to the Borrower or any Subsidiary, except for such encumbrances or restrictions existing under or by reason of (i) this Agreement, the other Loan Documents, the Existing Loan Agreement, the Note Purchase Agreements and the Receivables Purchase Documents, (ii) customary provisions restricting subletting or assignment of any lease governing any leasehold interest of the Borrower or any of its Subsidiaries, (iii) customary provisions restricting assignment of any licensing agreement or other contract entered into by Borrower and its Subsidiaries in the ordinary course of business, (iv) restrictions on the transfer of any asset pending the close of the sale of such asset, (v) restrictions on the transfer of any assets subject to a Lien permitted by Section 6.15, (vi) agreements binding on Property or Persons acquired in a Permitted Acquisition or Investment permitted hereunder, not entered into in contemplation of such Permitted Acquisition or such Investment and not applicable to any Person other than the Person acquired, or to any Property other than the Property so acquired, and (vii) customary provisions restricting Liens on assets of and interests in joint ventures.

6.19 *Contingent Obligations*

. The Borrower will not, and will not permit any Subsidiary to, make or suffer to exist any Contingent Obligation (including, without limitation, any Contingent Obligation with respect to the obligations of a Subsidiary), except Contingent Obligations arising with respect to (a) this Agreement and the other Loan Documents, including, without limitation, Reimbursement Obligations (b) customary indemnification obligations in favor of purchasers in connection with asset dispositions permitted

hereunder, (c) customary indemnification obligations under such Person's charter and bylaws (or equivalent formation documents), (d) indemnities in favor of the Persons issuing title insurance policies insuring the title to any property, (e) guarantees of (i) real property leases of the Borrower and its Subsidiaries and (i) personal property Operating Leases of the Borrower and its Subsidiaries, in each case entered into in the ordinary course of business by the Borrower or any of the Subsidiaries, (f) the Receivables Purchase Facility, (g) the Existing Loan Agreement (or any Indebtedness constituting a Permitted Refinancing thereof) and (h) other Contingent Obligations constituting guarantees of Indebtedness of the Borrower or any of its Subsidiaries permitted under Section 6.14, *provided* that to the extent such Indebtedness is subordinated to the Obligations, each such Contingent Obligation shall be subordinated to the Obligations on terms reasonably acceptable to the Administrative Agent.

6.20 *Leverage Ratio*

. The Borrower will maintain, as of the end of each fiscal quarter ending on or after January 27, 2017, a Leverage Ratio of not greater than 3.50 to 1.00; *provided* that, upon notice by the Borrower to the Administrative Agent, as of the last day of the fiscal quarter in which a Qualified Acquisition is consummated and the last day of each of the four consecutive fiscal quarters ending immediately after such initial fiscal quarter in which such Qualified Acquisition was consummated, the maximum Leverage Ratio permitted under this Section 6.20 shall be increased to 4.00 to 1.00 (any such period, a "**Temporary Increase Period**"); *provided further* that no Temporary Increase Period shall be available during the two (2) consecutive fiscal quarters occurring immediately after any Temporary Increase Period shall have concluded.

6.21 *Interest Expense Coverage Ratio*

. The Borrower will maintain, as of the end of each fiscal quarter, an Interest Expense Coverage Ratio of not less than 3.00 to 1.00.

6.22 [RESERVED]

6.23 *Additional Subsidiary Guarantors*

. The Borrower shall execute or shall cause to be executed on the date any Person becomes a Material Domestic Subsidiary of the Borrower (other than an SPV and other than any Person that is already a Guarantor under the Guaranty), a supplement to the Guaranty pursuant to which such Material Domestic Subsidiary shall become a Guarantor, and shall deliver or cause to be delivered to the Administrative Agent all appropriate corporate resolutions and other documentation (including opinions of counsel) in each case in form and substance reasonably satisfactory to the Administrative Agent. If at any time (a) the aggregate assets of all of the Borrower's Domestic Subsidiaries that are not Guarantors under the Guaranty exceeds 20% of the consolidated total assets of the Borrower and its Subsidiaries, or (b) the aggregate Consolidated Adjusted Net Income for the four consecutive fiscal quarters most recently ended of all of the Borrower's Domestic Subsidiaries that are not Guarantors under the Guaranty exceeds 20% of the Borrower's Consolidated Adjusted Net Income for such period, the Borrower will, within 30 days after its senior management becomes aware (or reasonably should have become aware) of such event, cause to be executed and delivered to the Administrative Agent a supplement to the Guaranty (together with such other documents, opinions and information as the Administrative Agent may require) with respect to additional Domestic Subsidiaries to the extent necessary so that, after giving effect thereto, the threshold levels in clauses (a) and (b) above are not exceeded.

6.24 Foreign Subsidiary Investments

. The Borrower will not, and will not permit any other Credit Party to, enter into or suffer to exist Foreign Subsidiary Investments at any time in an aggregate amount greater than \$500,000,000.

6.25 Subordinated Indebtedness

. The Borrower will not, and will not permit any Subsidiary to, make any amendment or modification to the indenture, note or other agreement evidencing or governing any Subordinated Indebtedness, or directly or indirectly voluntarily prepay, defease or in substance defease, purchase, redeem, retire or otherwise acquire, any Subordinated Indebtedness.

6.26 Sale of Accounts

. The Borrower will not, and will not permit any Subsidiary to, sell or otherwise dispose of any notes receivable or accounts receivable, with or without recourse, except to the extent permitted by Section 6.12.4.

6.27 Anti-Corruption Laws

. The Borrower will not, and will not permit any Subsidiary to, directly or indirectly use the proceeds of any Credit Extension for any purpose which would breach the United States Foreign Corrupt Practices Act of 1977, the UK Bribery Act 2010 and other similar anti-corruption legislation in other jurisdictions.

6.28 Most Favored Lender Status

. If the Borrower suffers to exist any terms or conditions (other than any gross leverage test applicable under the 2018 Note Purchase Agreement, the 2011 Note Purchase Agreement or the 2015 Note Purchase Agreement, in each case as in effect as of the Amendment No. 3 Effective Date), or enters into any amendment or other modification, of the Existing Loan Agreement, the Note Purchase Agreements, the Senior Notes or any notes, indenture or other agreements evidencing Indebtedness incurred pursuant to clause (b) of Section 6.14.11, pursuant to Section 6.14.12 or pursuant to clause (b) of Section 6.14.16 (collectively, “**Other Specified Indebtedness**”) that (i) results in one or more additional or more restrictive Financial Covenants than those contained in this Agreement or (ii) solely in the case of Other Specified Indebtedness permitted under Section 6.14.16, results in any term, condition or provision (including, for avoidance of doubt, any covenant, representation, default, security, guaranty or mandatory prepayment) that is not included in this Agreement or the other Loan Documents or otherwise differs from the similar or equivalent term, condition or provision set forth in this Agreement or the other Loan Documents in any material respect, then, in each case, the terms of this Agreement or such other applicable Loan Document, without any further action on the part of the Borrower, the Administrative Agent or any of the Lenders, will unconditionally be deemed on the Amendment No. 3 Effective Date or the date of execution of any such amendment or other modification, as applicable, to be automatically amended to include each such additional or more restrictive Financial Covenant or other term, condition or provision, together with all definitions relating thereto, and any event of default in respect of any such additional or more restrictive covenant(s) so included herein shall be deemed to be a Default under Section 7.3, subject to all applicable terms and provisions of this Agreement, including, without limitation, all grace periods, all limitations in application, scope or duration, and all rights and remedies exercisable by the Administrative Agent and the Lenders hereunder. For purposes of this Section 6.28, “**Financial Covenant**” means any covenant (or other provision having similar effect) the subject matter

of which pertains to measurement of the Borrower's financial condition or financial performance, including a measurement of the Borrower's leverage, ability to cover expenses, earnings, net income, fixed charges, interest expense, net worth or other component of the Borrower's consolidated financial position or results of operations (however expressed and whether stated as a ratio, a fixed threshold, as an event of default or otherwise).

ARTICLE VII

DEFAULTS

The occurrence of any one or more of the following events shall constitute a Default:

7.1. Any representation or warranty made or deemed made by or on behalf of the Borrower or any Subsidiary to the Lenders or the Administrative Agent under or in connection with this Agreement, any Credit Extension, or any certificate or information delivered in connection with this Agreement or any other Loan Document shall be false in any material respect on the date as of which made or deemed made.

7.2. Nonpayment of (a) principal of any Loan when due, (b) any Reimbursement Obligation within one Business Day after the same becomes due or (c) interest upon any Loan, any Commitment Fee, LC Facility Fee or other Obligations under any of the Loan Documents within three (3) days after such interest, fee or other Obligation becomes due.

7.3. The breach by the Borrower of any of the terms or provisions of any of Sections 6.1 through 6.3 or any of Sections 6.10 through 6.27.

7.4. The breach by the Borrower (other than a breach which constitutes a Default under another Section of this Article VII) or any other Credit Party of any of the terms or provisions of this Agreement or any other Loan Document to which it is a party which is not remedied within thirty (30) days after the earlier to occur of (a) written notice from the Administrative Agent or any Lender to the Borrower or (b) an Authorized Officer of the Borrower otherwise become aware of any such breach.

7.5. Failure of the Borrower or any Subsidiary to pay when due any Material Indebtedness (beyond the applicable grace period with respect thereto, if any); or the default by the Borrower or any Subsidiary in the performance (beyond the applicable grace period with respect thereto, if any) of any term, provision or condition contained in any Material Indebtedness Agreement, or any other event shall occur or condition exist, the effect of which default, event or condition is to cause, or to permit the holder(s) of such Material Indebtedness or the lender(s) under any Material Indebtedness Agreement to cause, such Material Indebtedness to become due prior to its stated maturity or any commitment to lend under any Material Indebtedness Agreement to be terminated prior to its stated expiration date; or any Material Indebtedness of the Borrower or any Subsidiary shall be declared to be due and payable or required to be prepaid or repurchased (other than by a regularly scheduled payment) prior to the stated maturity thereof; or the Borrower or any Subsidiary shall not pay, or admit in writing its inability to pay, its debts generally as they become due; *provided* that this Section 7.5 shall not apply to secured Indebtedness that becomes due as a result of the voluntary sale or transfer of the property or assets securing such Indebtedness if such sale or transfer is permitted hereunder.

7.6. Any Credit Party or any Material Subsidiary shall (a) have an order for relief entered with respect to it under any Debtor Relief Law, (b) make an assignment for the benefit of creditors, (c) apply for, seek, consent to, or acquiesce in, the appointment of a receiver, custodian, trustee, examiner,

liquidator or similar official for it or any Substantial Portion of its Property, (d) institute any proceeding seeking an order for relief under any Debtor Relief Law or seeking to adjudicate it a bankrupt or insolvent, or seeking dissolution, winding up, liquidation, reorganization, arrangement, adjustment or composition of it or its debts under any Debtor Relief Law or fail to file an answer or other pleading denying the material allegations of any such proceeding filed against it, (e) take any corporate or partnership action to authorize or effect any of the foregoing actions set forth in this Section 7.6 or (f) fail to contest in good faith any appointment or proceeding described in Section 7.7.

7.7. A receiver, trustee, examiner, liquidator or similar official shall be appointed for any Credit Party or any Material Subsidiary or any Substantial Portion of its Property, or a proceeding described in Section 7.6(d) shall be instituted against any Credit Party or any Material Subsidiary and such appointment continues undischarged or such proceeding continues undismissed or unstayed for a period of 30 consecutive days.

7.8. Any court, government or governmental agency shall condemn, seize or otherwise appropriate, or take custody or control of, all or any portion of the Property of the Borrower and the Subsidiaries which, when taken together with all other Property of the Borrower and the Subsidiaries so condemned, seized, appropriated, or taken custody or control of, during the twelve-month period ending with the month in which any such action occurs, constitutes a Substantial Portion.

7.9. The Borrower or any Subsidiary shall fail within 30 days to pay, bond or otherwise discharge one or more (a) judgments or orders for the payment of money in excess of \$20,000,000 (or the equivalent thereof in currencies other than Dollars) in the aggregate (excluding the amount of any insurance coverage by insurance companies with the financial ability to pay the same and who have agreed in writing to cover the applicable claim(s)), or (b) nonmonetary judgments or orders which, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect, which judgment(s), in any such case, is/are not (i) stayed on appeal or otherwise being appropriately contested in good faith or (ii) paid in full by third-party insurers under the Borrower's or any Subsidiary's insurance policies.

7.10. The Unfunded Liabilities of all Single Employer Plans shall exceed \$20,000,000 in the aggregate, or any Reportable Event shall occur in connection with any Plan.

7.11. [Reserved]

7.12. Any Change in Control shall occur.

7.13. The Borrower or any other member of the Controlled Group shall have been notified by the sponsor of a Multiemployer Plan that it has incurred, pursuant to Section 4201 of ERISA, withdrawal liability to such Multiemployer Plan in an amount which, when aggregated with all other amounts required to be paid to Multiemployer Plans by the Borrower or any other member of the Controlled Group as withdrawal liability (determined as of the date of such notification), exceeds \$20,000,000 or requires payments exceeding \$20,000,000 per annum.

7.14. The Borrower or any other member of the Controlled Group shall have been notified by the sponsor of a Multiemployer Plan that such Multiemployer Plan is in reorganization or is being terminated, within the meaning of Title IV of ERISA, if as a result of such reorganization or termination the aggregate annual contributions of the Borrower and the other members of the Controlled Group (taken as a whole) to all Multiemployer Plans which are then in reorganization or being terminated have been or will be increased, in the aggregate, over the amounts contributed to such Multiemployer Plans for the

respective plan years of such Multiemployer Plans immediately preceding the plan year in which the reorganization or termination occurs by an amount exceeding \$20,000,000.

7.15. The Borrower or any Subsidiary shall (a) be the subject of any proceeding or investigation pertaining to the release by the Borrower or any Subsidiary or any other Person of any toxic or hazardous waste or substance into the indoor or outdoor environment, or (b) violate any Environmental Law, which, in the case of an event described in clause (a) or clause (b), has resulted in liability to the Borrower or any Subsidiary in an amount equal to \$20,000,000 (excluding the amount of any insurance coverage by insurance companies with the financial ability to pay the same and who have agreed in writing to cover the applicable claim(s)) or more, which liability is not paid, bonded or otherwise discharged (other than by a Facility LC) within 60 days or which is not stayed on appeal and being appropriately contested in good faith.

7.16. Any Loan Document shall fail to remain in full force or effect against the Borrower or any Subsidiary, or the Borrower or any Subsidiary shall assert that its obligations thereunder are discontinued, invalid or unenforceable for any reason or any action shall be taken or shall fail to be taken to discontinue or to assert the invalidity or unenforceability of, or which results in the discontinuation or invalidity or unenforceability of, any Loan Document.

7.17. An event (such event, an “**Off-Balance Sheet Trigger Event**”) shall occur which (a) permits the investors or purchasers in respect of Off-Balance Sheet Liabilities of the Borrower or any Affiliate of the Borrower to require the amortization or liquidation of such Off-Balance Sheet Liabilities as a result of the non-payment of any Off-Balance Sheet Liability having an aggregate outstanding principal amount (or similar outstanding liability) greater than or equal to \$10,000,000 and (x) such Off-Balance Sheet Trigger Event shall not be remedied or waived within the later to occur of the tenth day after the occurrence thereof or the expiry date of any grace period related thereto under the agreement evidencing such Off-Balance Sheet Liabilities, or (y) such investors shall require the amortization or liquidation of such Off-Balance Sheet Liabilities as a result of such Off-Balance Sheet Trigger Event, (b) results in the termination of reinvestments of collections or proceeds of receivables and related assets under the agreements evidencing such Off-Balance Sheet Liabilities, or (c) causes or otherwise permits the replacement or substitution of the Borrower or any Affiliate thereof as the servicer under the agreements evidencing such Off-Balance Sheet Liabilities; *provided, however*, that this Section 7.17 shall not apply on any date with respect to (i) any voluntary request by the Borrower or an Affiliate thereof for an above-described amortization, liquidation, or termination of reinvestments so long as the aforementioned investors or purchasers cannot independently require on such date such amortization, liquidation or termination of reinvestments or (ii) any scheduled amortization or liquidation at the stated maturity of the facility evidencing such Off-Balance Sheet Liabilities.

ARTICLE VIII

ACCELERATION, WAIVERS, AMENDMENTS AND REMEDIES

8.1 *Acceleration*

(a) If any Default described in Section 7.6 or 7.7 occurs with respect to any Credit Party, the obligations of the Lenders to make Loans hereunder and the obligation and power of the LC Issuers to issue Facility LCs shall automatically terminate and the Obligations shall immediately become due and payable without any election or action on the part of the Administrative Agent, any LC Issuer or any Lender, and the Borrower will be and become thereby unconditionally obligated, without any further

notice, act or demand, to pay the Administrative Agent an amount in immediately available funds, which funds shall be held in the Facility LC Collateral Account, equal to (x) the amount of the LC Obligations at such time minus (y) the amount on deposit in the Facility LC Collateral Account at such time which is free and clear of all rights and claims of third parties and has not been applied against the Obligations (the “**Collateral Shortfall Amount**”). Without prejudice to the provisions of Section 4.2, if any other Default occurs, the Required Lenders (or the Administrative Agent with the consent of the Required Lenders) may (i) terminate or suspend the obligations of the Lenders to make Loans hereunder and the obligation and power of the LC Issuers to issue Facility LCs, or declare the Obligations to be due and payable, or both, whereupon the Obligations shall become immediately due and payable, without presentment, demand, protest or notice of any kind, all of which the Borrower hereby expressly waives and (ii) upon notice to the Borrower and in addition to the continuing right to demand payment of all amounts payable under this Agreement, make demand on the Borrower to pay, and the Borrower will forthwith upon such demand and without any further notice or act pay to the Administrative Agent the Collateral Shortfall Amount which funds shall be deposited in the Facility LC Collateral Account.

(b) If at any time while any Default is continuing, the Administrative Agent determines that the Collateral Shortfall Amount at such time is greater than zero, the Administrative Agent may make demand on the Borrower to pay, and the Borrower will, forthwith upon such demand and without any further notice or act, pay to the Administrative Agent the Collateral Shortfall Amount, which funds shall be deposited in the Facility LC Collateral Account.

(c) The Administrative Agent may at any time or from time to time after funds are deposited in the Facility LC Collateral Account, apply such funds to the payment of the Obligations in respect of the Revolving Credit Facility and any other amounts as shall from time to time have become due and payable by the Borrower to the Revolving Lenders or the LC Issuers under the Loan Documents.

(d) At any time while any Default is continuing, neither the Borrower nor any Person claiming on behalf of or through the Borrower shall have any right to withdraw any of the funds held in the Facility LC Collateral Account. After all of the Obligations in respect of the Revolving Credit Facility have been indefeasibly paid in full in cash (or, with respect to any Reimbursement Obligations, the Facility LCs have been returned and cancelled or back-stopped to the Administrative Agent’s reasonable satisfaction) and the Aggregate Revolving Loan Commitment has been terminated, any funds remaining in the Facility LC Collateral Account shall be applied by the Administrative Agent to the remaining Obligations and, after all of the Obligations have been indefeasibly paid in full in cash and all other Commitments terminated, any remaining funds shall be returned by the Administrative Agent to the Borrower or paid to whomever may be legally entitled thereto at such time.

(e) If, after acceleration of the maturity of the Obligations or termination of the obligations of the Lenders to make Loans and the obligations and power of the LC Issuers to issue Facility LCs hereunder as a result of any Default (other than any Default as described in Section 7.6 or 7.7 with respect to any Credit Party) and before any judgment or decree for the payment of the Obligations due shall have been obtained or entered, the Required Lenders (in their sole discretion) shall so direct, the Administrative Agent shall, by notice to the Borrower, rescind and annul such acceleration and/or termination.

8.2 Amendments

. (a) Subject to the provisions of this Section 8.2, the Required Lenders (or the Administrative Agent with the consent in writing of the Required Lenders) and the Borrower may enter into agreements supplemental hereto for the purpose of adding or modifying any provisions to the Loan Documents or changing in any manner the rights of the Lenders or the Borrower hereunder or thereunder or waiving any Default hereunder or thereunder; *provided*, however, that no such supplemental agreement shall:

(i) Without the consent of each Lender adversely affected thereby, extend the Maturity Date, extend the final maturity of any Loan or extend the expiry date of any Facility LC to a date after the Maturity Date or postpone any regularly scheduled payment of principal of any Loan or forgive all or any portion of the principal amount thereof, or any Reimbursement Obligation related thereto, or reduce the rate or extend the time of payment of interest or fees thereon or Reimbursement Obligations related thereto (other than (x) a waiver of the application of the default rate of interest or LC Fees pursuant to Section 2.12 hereof, which shall only require the approval of the Required Lenders and (y) any amendment or modification of the financial covenants in this Agreement (or defined terms used in the financial covenants in this Agreement), which shall not constitute a reduction in the rate of interest or fees for purposes of this clause (i)).

(ii) Without the consent of each Lender (other than Defaulting Lenders), (1) reduce the percentage specified in the definition of “Required Lenders” or any other percentage of Lenders specified to be the applicable percentage in this Agreement to act on specified matters or (2) other than to reflect the issuance of Incremental Term Loans or Additional Term Loans hereunder on a ratable basis, amend the definition of “Pro Rata Share”.

(iii) Increase the amount of the Commitment of any Lender hereunder without the consent of such Lender.

(iv) Without the consent of each Lender (other than Defaulting Lenders), amend this Section 8.2 other than to reflect the issuance of Incremental Term Loans or Additional Term Loans hereunder.

(v) Without the consent of each Lender (other than Defaulting Lenders), permit the Borrower to assign its rights or obligations under this Agreement or release the Borrower from its obligations under Article XVI;

(vi) Without the consent of each Lender (other than Defaulting Lenders), other than in connection with a transaction permitted under this Agreement, release any Guarantor that remains a Material Domestic Subsidiary from its obligations under the Guaranty.

(vii) Without the consent of each Lender in the affected Class (other than Defaulting Lenders), change the definition of “Required Class Lenders”.

(viii) Without the consent of the Required Class Lenders with respect to the applicable Class, adversely affect the rights to payment of a Class in a

manner different from the effect of such amendment, waiver or consent on any other Class.

(ix) Extend or increase the amount of the Commitment of any Defaulting Lender hereunder without the consent of such Defaulting Lender.

(x) Effect any waiver, amendment or modification with respect to this Agreement, in each case requiring the consent of all Lenders or each Lender adversely affected thereby, without the consent of each Defaulting Lender that is affected differently from the other Lenders affected thereby.

(b) No amendment of any provision of this Agreement relating to the Administrative Agent shall be effective without the written consent of the Administrative Agent. The Administrative Agent may waive payment of the fee required under Section 12.3.3 without obtaining the consent of any other party to this Agreement. No amendment of any provision of this Agreement relating to the Swing Line Lender or any Swing Line Loan shall be effective without the written consent of the Swing Line Lender. No amendment of any provisions of this Agreement relating to any LC Issuer shall be effective without the written consent of such LC Issuer.

(c) Notwithstanding the foregoing, (i) this Agreement may be amended or amended and restated pursuant to an increase in the Aggregate Revolving Loan Commitment or an issuance of Incremental Term Loans or Additional Term Loans pursuant to Section 2.5.3 with only the consents prescribed by such Section, (ii) this Agreement may be amended (or amended and restated) with the written consent of the Required Lenders, the Administrative Agent and the Borrower (x) to add one or more credit facilities to this Agreement and to permit extensions of credit from time to time outstanding thereunder and the accrued interest and fees in respect thereof to share ratably in the benefits of this Agreement and the other Loan Documents with the Loans and the accrued interest and fees in respect thereof and (y) to include appropriately the Lenders holding such credit facilities in any determination of the Required Lenders, the Required Class Lenders and the Lenders and (iii) this Agreement may be amended in accordance with and pursuant to Section 3.3 solely with the consent of the parties specified therein.

(d) Notwithstanding anything to the contrary herein the Administrative Agent may, with the consent of the Borrower only, amend, modify or supplement this Agreement or any of the other Loan Documents to cure any ambiguity, omission, mistake, defect or inconsistency.

8.3 Preservation of Rights

. No delay or omission of the Lenders, the LC Issuers or the Administrative Agent to exercise any right under the Loan Documents shall impair such right or be construed to be a waiver of any Default or an acquiescence therein, and the making of a Credit Extension notwithstanding the existence of a Default or Unmatured Default or the inability of a Borrower to satisfy the conditions precedent to such Credit Extension shall not constitute any waiver or acquiescence. Any single or partial exercise of any such right shall not preclude other or further exercise thereof or the exercise of any other right, and no waiver, amendment or other variation of the terms, conditions or provisions of the Loan Documents

whatsoever shall be valid unless in writing signed by, or by the Administrative Agent with the consent of, the requisite number of Lenders required pursuant to Section 8.2, and then only to the extent in such writing specifically set forth. All remedies contained in the Loan Documents or by law afforded shall be cumulative and all shall be available to the Administrative Agent, the LC Issuers and the Lenders until all of the Obligations have been paid in full.

ARTICLE IX

GENERAL PROVISIONS

9.1 *Survival of Representations*

. All representations and warranties of the Borrower contained in this Agreement shall survive the making of the Credit Extensions herein contemplated.

9.2 *Governmental Regulation*

. Anything contained in this Agreement to the contrary notwithstanding, neither any LC Issuer nor any Lender shall be obligated to extend credit to the Borrower in violation of any limitation or prohibition provided by any applicable statute or regulation.

9.3 *Headings*

. Section headings in the Loan Documents are for convenience of reference only, and shall not govern the interpretation of any of the provisions of the Loan Documents.

9.4 *Entire Agreement*

. The Loan Documents embody the entire agreement and understanding among the Borrower, the Administrative Agent, the LC Issuers and the Lenders and supersede all prior agreements and understandings among the Borrower, the Administrative Agent, the LC Issuers and the Lenders relating to the subject matter thereof other than those contained in the Fee Letters, which shall survive and remain in full force and effect during the term of this Agreement.

9.5 *Several Obligations; Benefits of this Agreement*

. The respective obligations of the Lenders hereunder are several and not joint and no Lender shall be the partner or agent of any other (except to the extent to which the Administrative Agent is authorized to act as such). The failure of any Lender to perform any of its obligations hereunder shall not relieve any other Lender from any of its obligations hereunder. This Agreement shall not be construed so as to confer any right or benefit upon any Person other than the parties to this Agreement and their respective successors and assigns, *provided, however*, that the parties hereto expressly agree that the Arrangers shall enjoy the benefits of the provisions of Sections 9.6, 9.10 and 10.11 to the extent specifically set forth therein and shall have the right to enforce such provisions on its own behalf and in its own name to the same extent as if it were a party to this Agreement.

9.6 *Expenses; Indemnification*

(a) The Borrower shall reimburse the Administrative Agent and the Arrangers for any reasonable costs, internal charges and out-of-pocket expenses (including outside attorneys' and paralegals' fees and, with the consent of the Borrower (*provided* that no such consent shall be required if a Default shall be continuing), expenses of and fees for other advisors and professionals engaged by the Administrative Agent or the Arrangers) paid or incurred by the Administrative Agent or the Arrangers in connection with the investigation, preparation, negotiation, documentation, execution, delivery, syndication, distribution (including, without limitation, via the Internet), review, amendment, modification and administration of the Loan Documents. The Borrower also agrees to reimburse the Administrative Agent, the Arrangers, the LC Issuers and the Lenders for any costs, internal charges and out-of-pocket expenses (including outside attorneys' and paralegals' fees and expenses of outside attorneys and paralegals for the Administrative Agent, the Arrangers, the LC Issuers and the Lenders) paid or incurred by the Administrative Agent, the Arrangers, any LC Issuer or any Lender in connection with the collection and enforcement of the Loan Documents. Expenses being reimbursed by the Borrower under this Section include, without limitation, costs and expenses incurred in connection with the Reports described in the following sentence. The Borrower acknowledges that from time to time BTMU may prepare and may distribute to the Lenders (but shall have no obligation or duty to prepare or to distribute to the Lenders) certain audit reports (the "**Reports**") pertaining to the Borrower's assets for internal use by BTMU from information furnished to it by or on behalf of the Borrower, after BTMU has exercised its rights of inspection pursuant to this Agreement.

(b) The Borrower hereby further agrees to indemnify the Administrative Agent, the Arrangers, each LC Issuer, each Lender and their respective affiliates and each of their partners, directors, officers and employees, trustees, investment advisors, attorneys, advisors and agents against all losses, claims, damages, penalties, judgments, liabilities and expenses (including, without limitation, all expenses of litigation or preparation therefor whether or not the Administrative Agent, the Arrangers, any LC Issuer, any Lender or any affiliate is a party thereto, settlement costs and all outside attorneys' and paralegals' fees and expenses of outside attorneys and paralegals of the party seeking indemnification) (collectively, "**Losses**") which any of them may pay or incur arising out of or relating to this Agreement, the other Loan Documents and the other transactions contemplated hereby or the direct or indirect application or proposed application of the proceeds of any Credit Extension hereunder (including, in each case, any Losses pursuant to Environmental Laws) except to the extent that they are determined in a final non-appealable judgment by a court of competent jurisdiction to have resulted from the gross negligence or willful misconduct of the party seeking indemnification. The obligations of the Borrower under this Section 9.6 shall survive the termination of this Agreement.

9.7 Numbers of Documents

. All statements, notices, closing documents, and requests hereunder shall be furnished to the Administrative Agent with sufficient counterparts so that the Administrative Agent may furnish one to each of the Lenders, to the extent that the Administrative Agent deems necessary.

9.8 Accounting

. Except as provided to the contrary herein, all accounting terms used in the calculation of any financial covenant or test shall be interpreted and all accounting determinations hereunder in the calculation of any financial covenant or test shall be made in accordance with Agreement Accounting Principles. If any changes in generally accepted accounting principles are hereafter required or permitted and are adopted by the Borrower or any Subsidiary with the agreement of its independent certified public accountants and such changes result in a change in the method of calculation of any of the financial covenants, tests, restrictions or standards herein or in the related definitions or terms used therein (“**Accounting Changes**”), the parties hereto agree, at the Borrower’s request, to enter into negotiations, in good faith, in order to amend such provisions in a credit neutral manner so as to reflect equitably such changes with the desired result that the criteria for evaluating the Borrower’s and its Subsidiaries’ financial condition shall be the same after such changes as if such changes had not been made; *provided, however*, until such provisions are amended in a manner reasonably satisfactory to the Administrative Agent and the Required Lenders, no Accounting Change shall be given effect in such calculations. In the event such amendment is entered into, all references in this Agreement to Agreement Accounting Principles shall mean generally accepted accounting principles, including the Accounting Change, as of the date of such amendment. Notwithstanding the foregoing, all financial statements to be delivered by the Borrower pursuant to Section 6.1 shall be prepared in accordance with generally accepted accounting principles in effect at such time.

9.9 Severability of Provisions

. Any provision in any Loan Document that is held to be inoperative, unenforceable, or invalid in any jurisdiction shall, as to that jurisdiction, be inoperative, unenforceable, or invalid without affecting the remaining provisions in that jurisdiction or the operation, enforceability, or validity of that provision in any other jurisdiction, and to this end the provisions of all Loan Documents are declared to be severable.

9.10 Nonliability of Lenders

. The relationship between the Borrower on the one hand and the Lenders, the LC Issuers and the Administrative Agent on the other hand shall be solely that of borrower and lender. Neither the Administrative Agent (except to the limited extent as provided by Section 12.3.4 relating to maintaining the Register), the Arrangers, the LC Issuers, nor any Lender shall have any fiduciary responsibilities to the Borrower or any other Credit Party. Neither the Administrative Agent, the Arrangers, the LC Issuers nor any Lender undertakes any responsibility to the Borrower or any other Credit Party to review or inform any Credit Party of any matter in connection with any phase of any Credit Party’s business or operations. The Borrower agrees that neither the Administrative Agent, the Arrangers, the LC Issuers, nor any Lender shall have liability to the Borrower (whether sounding in tort, contract or otherwise) for losses suffered by the Borrower in connection with, arising out of, or in any way related to, the transactions contemplated and the relationship established by the Loan Documents, or any act, omission or event occurring in connection therewith, unless it is determined in a final non-appealable judgment by a court of competent jurisdiction that such losses resulted from the gross negligence or willful misconduct of the party from which recovery is sought. Neither the Administrative Agent, the Arrangers, the LC Issuers nor any Lender shall have any liability with respect to, and the Borrower hereby waives, releases and agrees not to sue for, any special, indirect, consequential or punitive damages suffered by the Borrower or any Subsidiary in connection with, arising out of, or in any way related to the Loan Documents or the transactions contemplated thereby.

9.11 Confidentiality

. Each Lender agrees to hold any confidential information which it may receive from the Borrower pursuant to this Agreement in confidence in accordance with its respective customary practices (but in any event in accordance with reasonable confidentiality practices), except for disclosure (a) to its Affiliates and to other Lenders and their respective Affiliates, for use solely in connection with the transactions contemplated hereby, (b) to legal counsel, accountants, and other professional advisors to such Lender or to a Transferee who are expected to be involved in the evaluation of such information in connection with the transactions contemplated hereby, in each case which have been informed as to the confidential nature of such information, (c) to regulatory officials having jurisdiction over it, (d) to any Person as required by law, regulation, or legal process, (e) of information that presently or hereafter becomes available to such Lender on a non-confidential basis from a source other than the Borrower and other than as a result of disclosure not otherwise permitted by this Section 9.11, (f) to any Person in connection with any legal proceeding to which such Lender is a party, (g) to such Lender's direct or indirect contractual counterparties in credit derivative transactions or to legal counsel, accountants and other professional advisors to such counterparties, in each case which have been informed as to the confidential nature of such information, (h) permitted by Section 12.4, (i) to rating agencies if requested or required by such agencies in connection with a rating relating to the Credit Extensions hereunder, (j) with the prior consent of the Borrower and (k) of information that (i) was or becomes publicly available other than as a result of a breach of this Section 9.11, (ii) was or becomes independently developed by the Administrative Agent, any Lender, any LC Issuer or any of their respective Affiliates or (iii) pertains to this Agreement that is routinely provided by arrangers to data service providers, including league table providers, that serve the lending industry. Without limiting Section 9.4, the Borrower agrees that the terms of this Section 9.11 shall set forth the entire agreement between the Borrower and each Lender (including the Administrative Agent) with respect to any confidential information previously or hereafter received by such Lender in connection with this Agreement or any other Loan Document, and this Section 9.11 shall supersede any and all prior confidentiality agreements entered into by such Lender with respect to such confidential information.

9.12 Lenders Not Utilizing Plan Assets

. Each Lender and Designated Lender represents and warrants that none of the consideration used by such Lender or Designated Lender to make its Loans constitutes for any purpose of ERISA or Section 4975 of the Code assets of any "plan" as defined in Section 3(3) of ERISA or Section 4975 of the Code and the rights and interests of such Lender or Designated Lender in and under the Loan Documents shall not constitute such "plan assets" under ERISA.

9.13 Nonreliance

. Each Lender hereby represents that it is not relying on or looking to any margin stock (as defined in Regulation U) as collateral in the extension or maintenance of the credit provided for herein.

9.14 Disclosure

. The Borrower and each Lender, including the LC Issuers, hereby acknowledge and agree that each Lender and/or its Affiliates from time to time may hold investments in, make other loans to or have other relationships with the Borrower and its Affiliates.

9.15 Performance of Obligations

. The Borrower agrees that the Administrative Agent may, but shall have no obligation to (a) at any time, pay or discharge taxes, liens, security interests or other encumbrances levied or placed on or

threatened against any collateral for the Obligations and (b) after the occurrence and during the continuance of a Default make any other payment or perform any act required of the Borrower or any Subsidiary under any Loan Document or take any other action which the Administrative Agent in its discretion deems necessary or desirable to protect or preserve the collateral, if any, for the Obligations, including, without limitation, any action to (x) effect any repairs or obtain any insurance called for by the terms of any of the Loan Documents and to pay all or any part of the premiums therefor and the costs thereof and (y) pay any rents payable by the Borrower or any Subsidiary which are more than 30 days past due, or as to which the landlord has given notice of termination, under any lease. The Administrative Agent shall use its best efforts to give the Borrower notice of any action taken under this Section 9.15 prior to the taking of such action or promptly thereafter; *provided* the failure to give such notice shall not affect the Borrower's obligations in respect thereof. The Borrower agrees to pay the Administrative Agent, upon demand, the principal amount of all funds advanced by the Administrative Agent under this Section 9.15, together with interest thereon at the rate from time to time applicable to Floating Rate Loans from the date of such advance until the outstanding principal balance thereof is paid in full. If the Borrower fails to make payment in respect of any such advance under this Section 9.15 within one (1) Business Day after the date the Borrower receives written demand therefor from the Administrative Agent, the Administrative Agent shall promptly notify each Lender and each Lender agrees that it shall thereupon make available to the Administrative Agent, in Dollars in immediately available funds, the amount equal to such Lender's Pro Rata Share of such advance. If such funds are not made available to the Administrative Agent by such Lender within one (1) Business Day after the Administrative Agent's demand therefor, the Administrative Agent will be entitled to recover any such amount from such Lender together with interest thereon at the Federal Funds Effective Rate for each day during the period commencing on the date of such demand and ending on the date such amount is received. The failure of any Lender to make available to the Administrative Agent its Pro Rata Share of any such unreimbursed advance under this Section 9.15 shall neither relieve any other Lender of its obligation hereunder to make available to the Administrative Agent such other Lender's Pro Rata Share of such advance on the date such payment is to be made nor increase the obligation of any other Lender to make such payment to the Administrative Agent. All outstanding principal of, and interest on, advances made under this Section 9.15 shall constitute Obligations until paid in full by the Borrower.

9.16 *Relations Among Lenders*

9.16.1 *No Action Without Consent.* Except with respect to the exercise of setoff rights of any Lender, including the LC Issuers, in accordance with Section 11.1, the proceeds of which are applied in accordance with this Agreement, each Lender agrees that it will not take any action, nor institute any actions or proceedings, against the Borrower or any other obligor hereunder or with respect to any Loan Document, without the prior written consent of the Required Lenders or, as may be provided in this Agreement or the other Loan Documents, with the consent of the Administrative Agent.

9.16.2 *Not Partners; No Liability.* The Lenders, including the LC Issuers, are not partners or co-venturers, and no Lender shall be liable for the acts or omissions of, or (except as otherwise set forth herein in case of the Administrative Agent) authorized to act for, any other Lender. The Administrative Agent shall have the exclusive right on behalf of the Lenders to enforce the payment of the principal of and interest on any Loan or any Facility LC after the date such principal or interest has become due and payable pursuant to the terms of this Agreement.

9.17 *USA Patriot Act Notification*

. Each Lender that is subject to the requirements of the USA Patriot Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) (the “**USA Patriot Act**”) hereby notifies the Credit Parties that pursuant to the requirements of the USA Patriot Act, it is required to obtain, verify and record information that identifies each Credit Party, which information includes the name, address and tax identification number of such Credit Party and other information that will allow such Lender to identify the Credit Parties in accordance with the USA Patriot Act.

9.18 *Interest Rate Limitation*

. Notwithstanding anything herein to the contrary, if at any time the interest rate applicable to any Loan, together with all fees, charges and other amounts which are treated as interest on such Loan under applicable law (collectively the “**Charges**”), shall exceed the maximum lawful rate (the “**Maximum Rate**”) which may be contracted for, charged, taken, received or reserved by the Lender holding such Loan in accordance with applicable law, the rate of interest payable in respect of such Loan hereunder, together with all Charges payable in respect thereof, shall be limited to the Maximum Rate and, to the extent lawful, the interest and Charges that would have been payable in respect of such Loan but were not payable as a result of the operation of this Section shall be cumulated and the interest and Charges payable to such Lender in respect of other Loans or periods shall be increased (but not above the Maximum Rate therefor) until such cumulated amount, together with interest thereon at the Federal Funds Effective Rate to the date of repayment, shall have been received by such Lender.

9.19 *No Advisory or Fiduciary Responsibility*

. In connection with all aspects of each transaction contemplated hereby (including in connection with any amendment, waiver or other modification hereof or of any other Loan Document), the Borrower acknowledges and agrees that: (a) (i) the arranging and other services regarding this Agreement provided by the Lenders are arm’s-length commercial transactions between the Borrower and its Affiliates, on the one hand, and the Lenders and their Affiliates, on the other hand, (ii) the Borrower has consulted its own legal, accounting, regulatory and tax advisors to the extent it has deemed appropriate, and (iii) the Borrower is capable of evaluating, and understands and accepts, the terms, risks and conditions of the transactions contemplated hereby and by the other Loan Documents; (b) (i) each of the Lenders and their Affiliates is and has been acting solely as a principal and, except as expressly agreed in writing by the relevant parties, has not been, is not, and will not be acting as an advisor, agent or fiduciary for the Borrower or any of its Affiliates, or any other Person and (ii) no Lender or any of its Affiliates has any obligation to the Borrower or any of its Affiliates with respect to the transactions contemplated hereby except, in the case of a Lender, those obligations expressly set forth herein and in the other Loan Documents; and (c) each of the Lenders and their respective Affiliates may be engaged in a broad range of transactions that involve interests that differ from those of the Borrower and its Affiliates, and no Lender or any of its Affiliates has any obligation to disclose any of such interests to the Borrower or its Affiliates. To the fullest extent permitted by law, the Borrower hereby waives and releases any claims that it may have against each of the Lenders and their Affiliates with respect to any breach or alleged breach of agency or fiduciary duty in connection with any aspect of any transaction contemplated hereby.

9.20 *Acknowledgement and Consent to Bail-In of EEA Financial Institutions*

. Notwithstanding anything to the contrary in any Loan Document or in any other agreement, arrangement or understanding among any such parties, each party hereto acknowledges that any liability

of any EEA Financial Institution arising under any Loan Document, to the extent such liability is unsecured, may be subject to the Write-Down and Conversion Powers of an EEA Resolution Authority and agrees and consents to, and acknowledges and agrees to be bound by:

9.20.1 the application of any Write-Down and Conversion Powers by an EEA Resolution Authority to any such liabilities arising hereunder which may be payable to it by any party hereto that is an EEA Financial Institution; and

9.20.2 the effects of any Bail-In Action on any such liability, including, if applicable:

(a) a reduction in full or in part or cancellation of any such liability;

(b) a conversion of all, or a portion of, such liability into shares or other instruments of ownership in such EEA Financial Institution, its parent undertaking, or a bridge institution that may be issued to it or otherwise conferred on it, and that such shares or other instruments of ownership will be accepted by it in lieu of any rights with respect to any such liability under this Agreement or any other Loan Document; or

(c) the variation of the terms of such liability in connection with the exercise of the Write-Down and Conversion Powers of any EEA Resolution Authority.

9.21 *Release of Guarantors*

9.21.1 A Guarantor shall automatically be released from its obligations under the Guaranty upon the consummation of any transaction permitted by this Agreement as a result of which such Guarantor ceases to be a Subsidiary; provided that, if so required by this Agreement, the Required Lenders shall have consented to such transaction. In connection with any termination or release pursuant to this Section, the Administrative Agent shall (and is hereby irrevocably authorized by each Lender to) execute and deliver to any Credit Party, at such Credit Party's expense, all documents that such Credit Party shall reasonably request to evidence such termination or release.

9.21.2 Further, the Administrative Agent may (and is hereby irrevocably authorized by each Lender to), upon the request of the Borrower, release any Guarantor from its obligations under the Guaranty if such Guarantor is no longer a Material Domestic Subsidiary.

9.21.3 At such time as the principal and interest on the Loans, all Reimbursement Obligations, the fees, expenses and other amounts payable under the Loan Documents and the other Obligations (other than contingent indemnity obligations) shall have been paid in full in cash, the Commitments shall have been terminated and no Facility LCs shall be outstanding, the Guaranty and all obligations (other than those expressly stated to survive such termination) of each Guarantor thereunder shall automatically terminate, all without delivery of any instrument or performance of any act by any Person.

9.22 *Acknowledgment Regarding Any Supported QFCs.* To the extent that the Loan Documents provide support, through a guarantee or otherwise, for Rate Management Transactions or any other agreement or instrument that is a QFC (such support "**QFC Credit Support**" and each such QFC a

“**Supported QFC**”), the parties acknowledge and agree as follows with respect to the resolution power of the Federal Deposit Insurance Corporation under the Federal Deposit Insurance Act and Title II of the Dodd-Frank Wall Street Reform and Consumer Protection Act (together with the regulations promulgated thereunder, the “**U.S. Special Resolution Regimes**”) in respect of such Supported QFC and QFC Credit Support (with the provisions below applicable notwithstanding that the Loan Documents and any Supported QFC may in fact be stated to be governed by the laws of the State of New York and/or of the United States or any other state of the United States):

In the event a Covered Entity that is party to a Supported QFC (each, a “**Covered Party**”) becomes subject to a proceeding under a U.S. Special Resolution Regime, the transfer of such Supported QFC and the benefit of such QFC Credit Support (and any interest and obligation in or under such Supported QFC and such QFC Credit Support, and any rights in property securing such Supported QFC or such QFC Credit Support) from such Covered Party will be effective to the same extent as the transfer would be effective under the U.S. Special Resolution Regime if the Supported QFC and such QFC Credit Support (and any such interest, obligation and rights in property) were governed by the laws of the United States or a state of the United States. In the event a Covered Party or a BHC Act Affiliate of a Covered Party becomes subject to a proceeding under a U.S. Special Resolution Regime, Default Rights under the Loan Documents that might otherwise apply to such Supported QFC or any QFC Credit Support that may be exercised against such Covered Party are permitted to be exercised to no greater extent than such Default Rights could be exercised under the U.S. Special Resolution Regime if the Supported QFC and the Loan Documents were governed by the laws of the United States or a state of the United States. Without limitation of the foregoing, it is understood and agreed that rights and remedies of the parties with respect to a Defaulting Lender shall in no event affect the rights of any Covered Party with respect to a Supported QFC or any QFC Credit Support.

ARTICLE X

THE ADMINISTRATIVE AGENT

10.1 *Appointment; Nature of Relationship*

. BTMU is hereby appointed by each of the Lenders as its contractual representative (herein referred to as the “**Administrative Agent**”) hereunder and under each other Loan Document, and each of the Lenders irrevocably authorizes the Administrative Agent to act as the contractual representative of such Lender with the rights and duties expressly set forth herein and in the other Loan Documents. The Administrative Agent agrees to act as such contractual representative upon the express conditions contained in this Article X. Notwithstanding the use of the defined term “Administrative Agent,” it is expressly understood and agreed that the Administrative Agent shall not have any fiduciary responsibilities to any of the Holders of Obligations (including, without limitation, the Lenders) by reason of this Agreement or any other Loan Document and that the Administrative Agent is merely acting as the contractual representative of the Lenders with only those duties as are expressly set forth in this Agreement and the other Loan Documents. In its capacity as the Lenders’ contractual representative, the Administrative Agent (a) does not hereby assume any fiduciary duties to any of the Holders of Obligations, (b) is a “representative” of the Holders of Obligations within the meaning of the term “secured party” as defined in the New York Uniform Commercial Code and (c) is acting as an independent contractor, the rights and duties of which are limited to those expressly set forth in this Agreement and the other Loan Documents. Each of the Lenders, for itself and on behalf of its Affiliates as Holders of Obligations, hereby agrees to assert no claim against the Administrative Agent on any

agency theory or any other theory of liability for breach of fiduciary duty, all of which claims each Holder of Obligations hereby waives.

10.2 Powers

. The Administrative Agent shall have and may exercise such powers under the Loan Documents as are specifically delegated to the Administrative Agent by the terms of each thereof, together with such powers as are reasonably incidental thereto. The Administrative Agent shall have no implied duties or fiduciary duties to the Lenders, or any obligation to the Lenders to take any action thereunder except any action specifically provided by the Loan Documents to be taken by the Administrative Agent.

10.3 General Immunity

. Neither the Administrative Agent nor any of its directors, officers, agents or employees shall be liable to the Borrower, any Subsidiary, any Lender or any Holder of Obligations for any action taken or omitted to be taken by it or them hereunder or under any other Loan Document or in connection herewith or therewith except to the extent such action or inaction is determined in a final, non-appealable judgment by a court of competent jurisdiction to have arisen from the gross negligence or willful misconduct of such Person.

10.4 No Responsibility for Loans, Recitals, etc.

Neither the Administrative Agent nor any of its directors, officers, agents or employees shall be responsible for or have any duty to ascertain, inquire into, or verify (a) any statement, warranty or representation made in connection with any Loan Document or any borrowing hereunder; (b) the performance or observance of any of the covenants or agreements of any obligor under any Loan Document, including, without limitation, any agreement by an obligor to furnish information directly to each Lender; (c) the satisfaction of any condition specified in Article IV, except receipt of items required to be delivered solely to the Administrative Agent; (d) the existence or possible existence of any Default or Unmatured Default; (e) the validity, enforceability, effectiveness, sufficiency or genuineness of any Loan Document or any other instrument or writing furnished in connection therewith; (f) the value sufficiency, creation, perfection or priority of any Lien in any collateral security; or (g) the financial condition of the Borrower, any Subsidiary or any guarantor of any of the Obligations or of any of the Borrower's, such Subsidiary's or any such guarantor's respective Subsidiaries. The Administrative Agent shall have no duty to disclose, and shall have no liability for the failure to disclose, to the Lenders information that is not required to be furnished by the Borrower to the Administrative Agent at such time, but is voluntarily furnished by the Borrower to the Administrative Agent (either in its capacity as Administrative Agent or in its individual capacity) or any of its Affiliates.

10.5 Action on Instructions of Lenders

. The Administrative Agent shall in all cases be fully protected in acting, or in refraining from acting, hereunder and under any other Loan Document in accordance with written instructions signed by the Required Lenders (or all of the Lenders in the event that and to the extent that this Agreement expressly requires such approval), and such instructions and any action taken or failure to act pursuant thereto shall be binding on all of the Lenders. The Lenders hereby acknowledge that the Administrative Agent shall be under no duty to take any discretionary action permitted to be taken by it pursuant to the provisions of this Agreement or any other Loan Document unless it shall be requested in writing to do so by the Required Lenders (or all of the Lenders in the event that and to the extent that this Agreement expressly requires such approval). The Administrative Agent shall be fully justified in failing or refusing

to take any action hereunder and under any other Loan Document unless it shall first be indemnified to its satisfaction by the Lenders pro rata against any and all liability, cost and expense that it may incur by reason of taking or continuing to take any such action.

10.6 Employment of Agents and Counsel

. The Administrative Agent may execute any of its duties as Administrative Agent hereunder and under any other Loan Document by or through employees, agents, and attorneys-in-fact and shall not be answerable to the Lenders, except as to money or securities received by it or its authorized agents, for the default or misconduct of any such agents or attorneys-in-fact selected by it with reasonable care. The Administrative Agent shall be entitled to advice of counsel concerning the contractual arrangement between the Administrative Agent and the Lenders and all matters pertaining to the Administrative Agent's duties hereunder and under any other Loan Document.

10.7 Reliance on Documents; Counsel

. The Administrative Agent shall be entitled to rely upon any Note, notice, consent, certificate, affidavit, letter, telegram, facsimile, telex, electronic mail message, statement, paper or document believed by it to be genuine and correct and to have been signed or sent by the proper person or persons, and, in respect to legal matters, upon the opinion of counsel selected by the Administrative Agent, which counsel may be employees of the Administrative Agent. For purposes of determining compliance with the conditions specified in Sections 4.1 and 4.2, each Lender that has signed this Agreement (or otherwise become party hereto pursuant to an Assignment Agreement) shall be deemed to have consented to, approved or accepted or to be satisfied with, each document or other matter required thereunder to be consented to or approved by or acceptable or satisfactory to a Lender unless the Administrative Agent shall have received notice from such Lender prior to the applicable date specifying its objection thereto.

10.8 Administrative Agent's Reimbursement and Indemnification

. The Lenders agree to reimburse and indemnify the Administrative Agent ratably in proportion to the Lenders' Pro Rata Shares of the sum of the outstanding Term Loans and the Aggregate Revolving Loan Commitment (or, if the Aggregate Revolving Loan Commitment has been terminated, of the sum of the outstanding Term Loans and the Aggregate Outstanding Revolving Credit Exposure) (a) for any amounts not reimbursed by the Borrower for which the Administrative Agent is entitled to reimbursement by any Credit Party under the Loan Documents, (b) for any other expenses incurred by the Administrative Agent on behalf of the Lenders, in connection with the preparation, execution, delivery, administration and enforcement of the Loan Documents (including, without limitation, for any expenses incurred by the Administrative Agent in connection with any dispute between the Administrative Agent and any Lender or between two or more of the Lenders) and (c) for any liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind and nature whatsoever which may be imposed on, incurred by or asserted against the Administrative Agent in any way relating to or arising out of the Loan Documents or any other document delivered in connection therewith or the transactions contemplated thereby (including, without limitation, for any such amounts incurred by or asserted against the Administrative Agent in connection with any dispute between the Administrative Agent and any Lender or between two or more of the Lenders), or the enforcement of any of the terms of the Loan Documents or of any such other documents, *provided* that (i) no Lender shall be liable for any of the foregoing to the extent any of the foregoing is found in a final, non-appealable judgment by a court of competent jurisdiction to have resulted from the gross negligence or willful misconduct of the Administrative Agent and (ii) any indemnification required pursuant to Section 3.5(f) shall,

notwithstanding the provisions of this Section 10.8, be paid by the relevant Lender in accordance with the provisions thereof. The obligations of the Lenders under this Section 10.8 shall survive payment of the Obligations and termination of this Agreement.

10.9 Notice of Default

. The Administrative Agent shall not be deemed to have knowledge or notice of the occurrence of any Default or Unmatured Default hereunder unless the Administrative Agent has received written notice from a Lender or the Borrower referring to this Agreement describing such Default or Unmatured Default and stating that such notice is a “**notice of default**”. In the event that the Administrative Agent receives such a notice, the Administrative Agent shall give prompt notice thereof to the Lenders.

10.10 Rights as a Lender

. In the event the Person serving as the Administrative Agent is a Lender, such Person shall have the same rights and powers hereunder and under any other Loan Document with respect to its Commitments and its Credit Extensions as any Lender and may exercise the same as though it were not the Administrative Agent, and the term “**Lender**” or “**Lenders**” shall, at any time when the Administrative Agent is a Lender, unless the context otherwise indicates, include such Person in its individual capacity. The Administrative Agent and its Affiliates may accept deposits from, lend money to, and generally engage in any kind of trust, debt, equity or other transaction, in addition to those contemplated by this Agreement or any other Loan Document, with the Borrower or any Subsidiary in which the Borrower or such Subsidiary is not restricted hereby from engaging with any other Person. The Person serving as the Administrative Agent, in its individual capacity, is not obligated to remain a Lender.

10.11 Lender Credit Decision

. Each Lender acknowledges that it has, independently and without reliance upon the Administrative Agent, the Arrangers or any other Lender and based on the financial statements prepared by the Borrower and such other documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement and the other Loan Documents. Each Lender also acknowledges that it will, independently and without reliance upon the Administrative Agent, the Arrangers or any other Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under this Agreement and the other Loan Documents. Except as expressly set forth herein, the Administrative Agent shall not have any duty to disclose, and shall not be liable for the failure to disclose, any information relating to the Borrower or any of its Subsidiaries that is communicated to or obtained by the Person serving as Administrative Agent or any of its Affiliates in any capacity.

10.12 Successor Administrative Agent

. The Administrative Agent may resign at any time by giving written notice thereof to the Lenders and the Borrower, such resignation to be effective upon the appointment of a successor Administrative Agent or, if no successor Administrative Agent has been appointed, thirty days after the retiring Administrative Agent gives notice of its intention to resign. Upon any such resignation, the Required Lenders shall have the right to appoint, on behalf of the Borrower and the Lenders, a successor Administrative Agent. If no successor Administrative Agent shall have been so appointed by the Required Lenders within thirty days after the resigning Administrative Agent’s giving notice of its intention to resign, then the resigning Administrative Agent may appoint, on behalf of the Borrower and the Lenders, a successor Administrative Agent. Notwithstanding the two immediately preceding

sentences: (x) subject to clause (y) of this sentence, the consent of the Borrower shall be required prior to the appointment of a successor Administrative Agent unless such successor Administrative Agent is a Lender or an Affiliate of a Lender, *provided* that the consent of the Borrower shall not be required if a Default has occurred and is continuing, and (y) the Administrative Agent may at any time without the consent of the Borrower or any Lender, appoint any of its Affiliates which is a commercial bank as a successor Administrative Agent hereunder. If the Administrative Agent has resigned and no successor Administrative Agent has been appointed, the Lenders may perform all the duties of the Administrative Agent hereunder and the Borrower shall make all payments in respect of the Obligations to the applicable Lender and for all other purposes shall deal directly with the Lenders. No successor Administrative Agent shall be deemed to be appointed hereunder until such successor Administrative Agent has accepted the appointment. Any such successor Administrative Agent shall be a commercial bank having capital and retained earnings of at least \$100,000,000. Upon the acceptance of any appointment as Administrative Agent hereunder by a successor Administrative Agent, such successor Administrative Agent shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the resigning Administrative Agent. Upon the effectiveness of the resignation of the Administrative Agent, the resigning Administrative Agent shall be discharged from its duties and obligations hereunder and under the Loan Documents. After the effectiveness of the resignation of an Administrative Agent, the provisions of this Article X shall continue in effect for the benefit of such Administrative Agent in respect of any actions taken or omitted to be taken by it while it was acting as the Administrative Agent hereunder and under the other Loan Documents. In the event that there is a successor to the Administrative Agent by merger, or the Administrative Agent assigns its duties and obligations to an Affiliate pursuant to this Section 10.12, then the term “**Prime Rate**” as used in this Agreement shall mean the prime rate, base rate or other analogous rate of the new Administrative Agent.

10.13 *Administrative Agent and Arranger Fees*

. The Borrower agrees to pay to the Administrative Agent and the Arrangers, for their respective accounts, the fees agreed to by the Borrower, the Administrative Agent, and the Arrangers pursuant to the applicable Fee Letters, or as otherwise agreed from time to time.

10.14 *Delegation to Affiliates*

. The Borrower and the Lenders agree that the Administrative Agent may delegate any of its duties under this Agreement to any of its Affiliates. Any such Affiliate (and such Affiliate’s directors, officers, agents and employees) which performs duties in connection with this Agreement shall be entitled to the same benefits of the indemnification, waiver and other protective provisions to which the Administrative Agent is entitled under Articles IX and X.

10.15 *No Duties Imposed on Syndication Agent, Co-Documentation Agents or Arrangers*

. None of the Persons identified on the cover page to this Agreement, the signature pages to this Agreement or otherwise in this Agreement as a “Syndication Agent,” “Co-Documentation Agent” or “Arranger” shall have any right, power, obligation, liability, responsibility or duty under this Agreement other than, if such Person is a Lender, those applicable to all Lenders as such. Without limiting the foregoing, none of the Persons identified on the cover page to this Agreement, the signature pages to this Agreement or otherwise in this Agreement as a “Syndication Agent,” “Co-Documentation Agent” or “Arranger” shall have or be deemed to have any fiduciary duty to or fiduciary relationship with any Holder of Obligations. Each of the Holders of Obligations acknowledges that it has not relied, and will

not rely, on any of the Persons so identified in deciding to enter into this Agreement or in taking or not taking action hereunder.

10.16 *Certain ERISA Matters*

10.17 . (a) Each Lender (x) represents and warrants, as of the date such Person became a Lender party hereto, to, and (y) covenants, from the date such Person became a Lender party hereto to the date such Person ceases being a Lender party hereto, for the benefit of, the Administrative Agent, and each Arranger and their respective Affiliates, and not, for the avoidance of doubt, to or for the benefit of the Borrower or any other Credit Party, that at least one of the following is and will be true:

(i) such Lender is not using “plan assets” (within the meaning of the Plan Asset Regulations) of one or more Benefit Plans in connection with the Loans, the Facility LCs or the Commitments,

(ii) the transaction exemption set forth in one or more PTEs, such as PTE 84-14 (a class exemption for certain transactions determined by independent qualified professional asset managers), PTE 95-60 (a class exemption for certain transactions involving insurance company general accounts), PTE 90-1 (a class exemption for certain transactions involving insurance company pooled separate accounts), PTE 91-38 (a class exemption for certain transactions involving bank collective investment funds) or PTE 96-23 (a class exemption for certain transactions determined by in-house asset managers), is applicable with respect to such Lender’s entrance into, participation in, administration of and performance of the Loans, the Facility LCs, the Commitments and this Agreement,

(iii) (A) such Lender is an investment fund managed by a “Qualified Professional Asset Manager” (within the meaning of Part VI of PTE 84-14), (B) such Qualified Professional Asset Manager made the investment decision on behalf of such Lender to enter into, participate in, administer and perform the Loans, the Facility LCs, the Commitments and this Agreement, (C) the entrance into, participation in, administration of and performance of the Loans, the Facility LCs, the Commitments and this Agreement satisfies the requirements of sub-sections (b) through (g) of Part I of PTE 84-14 and (D) to the best knowledge of such Lender, the requirements of subsection (a) of Part I of PTE 84-14 are satisfied with respect to such Lender’s entrance into, participation in, administration of and performance of the Loans, the Facility LCs, the Commitments and this Agreement, or

(iv) such other representation, warranty and covenant as may be agreed in writing between the Administrative Agent, in its sole discretion, and such Lender.

(b) In addition, unless sub-clause (i) in the immediately preceding clause (a) is true with respect to a Lender or such Lender has not provided another representation, warranty and covenant as provided in sub-clause (iv) in the immediately preceding clause (a), such Lender further (x) represents and warrants, as of the date such Person became a Lender party hereto, to, and (y) covenants, from the date such Person became a Lender party hereto to the date such Person ceases being a Lender party hereto, for the benefit of,

the Administrative Agent, and each Arranger and their respective Affiliates, and not, for the avoidance of doubt, to or for the benefit of the Borrower or any other Credit Party, that none of the Administrative Agent, or any Arranger, any Syndication Agent, any Co-Documentation Agent or any of their respective Affiliates is a fiduciary with respect to or the assets of such Lender (including in connection with the reservation or exercise of any rights by the Administrative Agent under this Agreement, any Loan Document or any documents related to hereto or thereto).

ARTICLE XI

SETOFF; RATABLE PAYMENTS

11.1 *Setoff*

. In addition to, and without limitation of, any rights of the Lenders under applicable law, if the Borrower becomes insolvent, however evidenced, or any other Default occurs and continues, any and all deposits (including all account balances, whether provisional or final and whether or not collected or available) and any other Indebtedness at any time held or owing by any Lender or any Affiliate of any Lender to or for the credit or account of the Borrower or any Subsidiary may be offset and applied toward the payment of the Obligations owing to such Lender, whether or not the Obligations, or any part thereof, shall then be due.

11.2 *Ratable Payments*

. If any Lender, whether by setoff or otherwise, has payment made to it in respect of any principal or interest on any of its Loans of any Class or any other obligations owing to it (other than payments received pursuant to Section 3.1, 3.2, 3.4 or 3.5) in a greater proportion than that received by any other Lender of such Class, such Lender agrees to (a) notify the Administrative Agent of such fact and (b) purchase (for cash at face value) a participation in the Loans of such Class and Obligations with respect thereto held by the other Lenders, or make such other adjustments as shall be equitable, so that the benefit of all such payments shall be shared by the Lenders ratably in proportion to their respective Pro Rata Shares of the Loans of such Class. If any Lender, whether in connection with setoff or amounts which might be subject to setoff or otherwise, receives collateral or other protection for its Obligations or such amounts which may be subject to setoff, such Lender agrees to (a) notify the Administrative Agent of such fact and (b) take such action necessary such that all Lenders share in the benefits of such collateral ratably in proportion to their respective Pro Rata Shares of the Term Loans and the Aggregate Outstanding Revolving Credit Exposure. In case any such payment is disturbed by legal process, or otherwise, appropriate further adjustments shall be made.

ARTICLE XII

BENEFIT OF AGREEMENT; ASSIGNMENTS; PARTICIPATIONS

12.1 *Successors and Assigns; Designated Lenders*

12.1.1 *Successors and Assigns*. The terms and provisions of the Loan Documents shall be binding upon and inure to the benefit of the Borrower, the Administrative Agent and the Lenders and their respective successors and assigns permitted hereby, except that (a) the

Borrower shall not have any right to assign its rights or obligations under the Loan Documents without the prior written consent of each Lender, (b) any assignment by any Lender must be made in compliance with Section 12.3, and (c) any transfer by Participants must be made in compliance with Section 12.2. Any attempted assignment or transfer by any party not made in compliance with this Section 12.1 shall be null and void, unless such attempted assignment or transfer is treated as a participation in accordance with Section 12.3.2. The parties to this Agreement acknowledge that clause (b) of this Section 12.1 relates only to absolute assignments and this Section 12.1 does not prohibit assignments creating security interests, including, without limitation, (x) any pledge or assignment by any Lender of all or any portion of its rights under this Agreement and any Note to a Federal Reserve Bank or any other central banking authority have jurisdiction over such Lender, (y) in the case of a Lender which is a Fund, any pledge or assignment of all or any portion of its rights under this Agreement and any Note to its trustee in support of its obligations to its trustee or (z) any pledge or assignment by any Lender of all or any portion of its rights under this Agreement and any Note to direct or indirect contractual counterparties in credit derivative transactions relating to the Loans; *provided, however*, that no such pledge or assignment creating a security interest shall release the transferor Lender from its obligations hereunder unless and until the parties thereto have complied with the provisions of Section 12.3. The Administrative Agent may treat the Person which made any Loan or which holds any Note as the owner thereof for all purposes hereof unless and until such Person complies with Section 12.3; *provided, however*, that the Administrative Agent may in its discretion (but shall not be required to) follow instructions from the Person which made any Loan or which holds any Note to direct payments relating to such Loan or Note to another Person. Any assignee of the rights to any Loan or any Note agrees by acceptance of such assignment to be bound by all the terms and provisions of the Loan Documents. Any request, authority or consent of any Person, who at the time of making such request or giving such authority or consent is the owner of the rights to any Loan (whether or not a Note has been issued in evidence thereof), shall be conclusive and binding on any subsequent holder or assignee of the rights to such Loan.

12.1.2 *Designated Lenders.*

(a) Subject to the terms and conditions set forth in this Section 12.1.2, any Lender may from time to time elect to designate an Eligible Designee to provide all or any part of the Loans to be made by such Lender pursuant to this Agreement; *provided* that the designation of an Eligible Designee by any Lender for purposes of this Section 12.1.2 shall be subject to the approval of the Administrative Agent and, solely in the case of any designation in respect of a Lender's Revolving Commitment, the LC Issuers and the Swing Line Lender (which consent shall not be unreasonably withheld or delayed). Upon the execution by the parties to each such designation of an agreement in the form of Exhibit E hereto (a "**Designation Agreement**") and the acceptance thereof by the Administrative Agent, the Eligible Designee shall become a Designated Lender for purposes of this Agreement. The Designating Lender shall thereafter have the right to permit the Designated Lender to provide all or a portion of the Loans to be made by the Designating Lender pursuant to the terms of this Agreement and the making of the Loans or portion thereof shall satisfy the obligations of the Designating Lender to the same extent, and as if, such Loan was made by the Designating Lender. As to any Loan made by it, each Designated Lender shall have all the rights a Lender making such Loan would have under this Agreement and otherwise; *provided* that (x) all voting rights under this Agreement shall be exercised solely by the Designating Lender, (y) each Designating Lender shall remain solely responsible to the other parties hereto for its obligations under

this Agreement, including the obligations of a Lender in respect of Loans made by its Designated Lender and (z) no Designated Lender shall be entitled to reimbursement under Article III hereof for any amount which would exceed the amount that would have been payable by the Borrower to the Lender from which the Designated Lender obtained any interests hereunder. No additional Notes shall be required with respect to Loans provided by a Designated Lender; *provided, however*, to the extent any Designated Lender shall advance funds, the Designating Lender shall be deemed to hold the Notes in its possession as a non-fiduciary agent for such Designated Lender to the extent of the Loan funded by such Designated Lender. Such Designating Lender shall act as administrative agent for its Designated Lender and give and receive notices and communications hereunder. Any payments for the account of any Designated Lender shall be paid to its Designating Lender as administrative agent for such Designated Lender and neither the Borrower nor the Administrative Agent shall be responsible for any Designating Lender's application of such payments. In addition, any Designated Lender may (1) with notice to, but without the consent of the Borrower or the Administrative Agent, assign all or portions of its interests in any Loans to its Designating Lender or to any financial institution consented to by the Administrative Agent providing liquidity and/or credit facilities to or for the account of such Designated Lender and (2) subject to advising any such Person that such information is to be treated as confidential in accordance with Section 9.11, disclose on a confidential basis any non-public information relating to its Loans to any rating agency, commercial paper dealer or provider of any guarantee, surety or credit or liquidity enhancement to such Designated Lender. In addition, each such Designating Lender that elects to designate an Eligible Designee and such Eligible Designee becomes a Designated Lender, (i) shall keep a register for the registration relating to each such Loan, specifying such Designated Lender's name, address and entitlement to payments of principal and interest with respect to such Loan and each transfer thereof and the name and address of each transferees and (ii) shall collect, prior to the time such Designated Lender receives payment with respect to such Loans from each such Designated Lender, the appropriate forms, certificates, and statements described in Section 3.5 (and updated as required by Section 3.5) as if such Designated Lender were a Lender under Section 3.5.

(b) Each party to this Agreement hereby agrees that it shall not institute against, or join any other Person in instituting against, any Designated Lender any bankruptcy, reorganization, arrangement, insolvency or liquidation proceeding or other proceedings under any federal or state bankruptcy or similar law for one year and a day after the payment in full of all outstanding senior indebtedness of any Designated Lender; *provided* that the Designating Lender for each Designated Lender hereby agrees to indemnify, save and hold harmless each other party hereto for any loss, cost, damage and expense arising out of its inability to institute any such proceeding against such Designated Lender. This Section 12.1.2 shall survive the termination of this Agreement.

12.2 Participations

12.2.1 *Permitted Participants; Effect.* Any Lender may at any time sell to one or more banks or other entities (other than an Ineligible Institution) ("**Participants**") participating

interests in any Term Loans or Outstanding Revolving Credit Exposure of such Lender, any Note held by such Lender, any Revolving Loan Commitment of such Lender or any other interest of such Lender under the Loan Documents. In the event of any such sale by a Lender of participating interests to a Participant, such Lender's obligations under the Loan Documents shall remain unchanged, such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations, such Lender shall remain the owner of its Term Loans and/or its Outstanding Revolving Credit Exposure and the holder of any Note issued to it in evidence thereof for all purposes under the Loan Documents, all amounts payable by the Borrower under this Agreement shall be determined as if such Lender had not sold such participating interests, and the Borrower and the Administrative Agent shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under the Loan Documents. In addition, each such Lender that sells any participating interest to a Participant under this Section 12.2.1 shall, acting solely for this purpose as a non-fiduciary agent of the Borrower, (i) keep a register for the registration relating to each such participation, specifying such Participant's name, address and entitlement to payment of principal and interest with respect to such participation and each transfer thereof and the name and address of each transferee, and (ii) collect prior to the time such Participant receives payments with respect to such participation, from each such Participant the appropriate forms, certificates and statements described in Section 3.5 (and updated as required by Section 3.5) as if such Participant were a Lender under Section 3.5.

12.2.2 *Voting Rights.* Each Lender shall retain the sole right to approve, without the consent of any Participant, any amendment, modification or waiver of any provision of the Loan Documents other than any amendment, modification or waiver with respect to any Credit Extension or Revolving Loan Commitment in which such Participant has an interest which would require consent of all of the Lenders pursuant to the terms of Section 8.2.

12.2.3 *Benefit of Certain Provisions.* The Borrower agrees that each Participant shall be deemed to have the right of setoff provided in Section 11.1 in respect of its participating interest in amounts owing under the Loan Documents to the same extent as if the amount of its participating interest were owing directly to it as a Lender under the Loan Documents, *provided* that each Lender shall retain the right of setoff provided in Section 11.1 with respect to the amount of participating interests sold to each Participant. The Lenders agree to share with each Participant, and each Participant, by exercising the right of setoff provided in Section 11.1, agrees to share with each Lender, any amount received pursuant to the exercise of its right of setoff, such amounts to be shared in accordance with Section 11.2 as if each Participant were a Lender. The Borrower further agrees that each Participant shall be entitled to the benefits of Sections 3.1, 3.2, 3.4 and 3.5 to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to Section 12.3 (it being understood that the documentation required under Section 3.5(e) shall be delivered to the Lender who sells the participation), *provided* that (a) a Participant shall not be entitled to receive any greater payment under Section 3.1, 3.2 or 3.5 than the Lender that sold the participating interest to such Participant would have received had it retained such interest for its own account, unless the sale of such interest to such Participant is made with the prior written consent of the Borrower, and (b) any Participant not incorporated under the laws of the United States of America or any State thereof agrees to comply with the provisions of Section 3.5 to the same extent as if it were a Lender (it being understood that the documentation required under Section 3.5 shall be delivered to the participating Lender). Each Lender that sells a participation shall, acting solely for this purpose as a non-fiduciary agent of the Borrower, maintain a register on which it enters

the name and address of each Participant and the principal amounts (and stated interest) of each Participant's interest in the obligations under this Agreement (the "**Participant Register**"); *provided* that no Lender shall have any obligation to disclose all or any portion of the Participant Register to any Person (including the identity of any Participant or any information relating to a Participant's interest in the obligations under this Agreement) except to the extent that such disclosure is necessary to establish that such interest is in registered form under Section 5f.103-1(c) of the United States Treasury Regulations. The entries in the Participant Register shall be conclusive absent manifest error, and such Lender shall treat each person whose name is recorded in the Participant Register as the owner of such participation for all purposes of this Agreement notwithstanding any notice to the contrary.

12.2.4 *No Participations to Borrower.* No such participation shall be made to the Borrower or any of its Affiliates or Subsidiaries.

12.3 *Assignments*

12.3.1 *Permitted Assignments.* Any Lender may at any time assign to one or more banks or other entities (other than an Ineligible Institution) ("**Purchasers**") all or any part of its rights and obligations under the Loan Documents. Such assignment shall be evidenced by an agreement substantially in the form of Exhibit B or in such other form (including electronic records generated by the use of an electronic platform approved by the Administrative Agent) as may be agreed to by the parties thereto (each such agreement, an "**Assignment Agreement**"). Each such assignment with respect to a Purchaser which is not a Lender or an Affiliate of a Lender or an Approved Fund shall, unless otherwise consented to in writing by the Borrower, the Administrative Agent and, in the case of an assignment in respect of the Revolving Credit Facility, each LC Issuer and the Swing Line Lender, be in an aggregate amount not less than \$5,000,000 (in the case of an assignment in respect of the Revolving Credit Facility) or \$1,000,000 (in the case of an assignment of Term Loans). The amount of the assignment shall be based on the Outstanding Revolving Credit Exposure subject to the assignment, determined as of the date of such assignment or as of the "Trade Date," if the "Trade Date" is specified in the Assignment Agreement.

12.3.2 *Consents.* The consent of the Borrower shall be required prior to an assignment becoming effective unless the Purchaser is a Lender, an Affiliate of a Lender or an Approved Fund (other than a Lender or Affiliate of a Lender or an Approved Fund that becomes a Lender solely by means of the settlement of a credit derivative) (which consent shall not be unreasonably withheld or delayed and, in any event, the Borrower shall be deemed to have consented to any such assignment unless it shall object thereto by written notice to the Administrative Agent within five (5) Business Days after having received notice thereof); *provided* that the consent of the Borrower shall not be required if (a) a Default or Unmatured Default has occurred and is continuing or (b) if such assignment is in connection with the physical settlement of any Lender's obligations to direct or indirect contractual counterparties in credit derivative transactions relating to the Loans; *provided further* that the assignment without the Borrower's consent pursuant to the foregoing clause (b) shall not increase the Borrower's liability under Section 3.5. The consent of the Administrative Agent and, solely in the case of an assignment in respect of the Revolving Credit Facility, the LC Issuers and the Swing Line

Lender shall be required prior to any assignment becoming effective. Any consent required under this Section 12.3.2 shall not be unreasonably withheld or delayed.

12.3.3 *Effect; Effective Date.* Upon (a) delivery to the Administrative Agent of an Assignment Agreement, together with any consents required by Sections 12.3.1 and 12.3.2, and (b) payment of a \$3,500 fee to the Administrative Agent by the assigning Lender or the Purchaser for processing such assignment (unless such fee is waived by the Administrative Agent or unless such assignment is made to such assigning Lender's Affiliate), such assignment shall become effective on the effective date specified in such assignment. The Assignment Agreement shall contain a representation and warranty by the Purchaser to the effect that none of the funds, money, assets or other consideration used to make the purchase and assumption of the Revolving Loan Commitment and Outstanding Revolving Credit Exposure under the applicable Assignment Agreement constitutes "plan assets" as defined under ERISA and that the rights, benefits and interests of the Purchaser in and under the Loan Documents will not be "plan assets" under ERISA. On and after the effective date of such assignment, such Purchaser shall for all purposes be a Lender party to this Agreement and any other Loan Document executed by or on behalf of the Lenders and shall have all the rights, benefits and obligations of a Lender under the Loan Documents, to the same extent as if it were an original party thereto, and the transferor Lender shall (x) if a Revolving Lender, be released with respect to the Revolving Loan Commitment and Outstanding Revolving Credit Exposure assigned to such Purchaser and (y) if a Term Lender, be released with respect to the Term Loans assigned to such Purchaser, in each case without any further consent or action by the Borrower, the Lenders or the Administrative Agent. In the case of an assignment covering all of the assigning Lender's rights, benefits and obligations under this Agreement, such Lender shall cease to be a Lender hereunder but shall continue to be entitled to the benefits of, and subject to, those provisions of this Agreement and the other Loan Documents which survive payment of the Obligations and termination of the Loan Documents. Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this Section 12.3 shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with Section 12.2. Upon the consummation of any assignment to a Purchaser pursuant to this Section 12.3.3, the transferor Lender, the Administrative Agent and the Borrower shall, if the transferor Lender or the Purchaser desires that its Loans be evidenced by Notes, make appropriate arrangements so that, upon cancellation and surrender to the Borrower of the Notes (if any) held by the transferor Lender, new Notes or, as appropriate, replacement Notes are issued to such transferor Lender, if applicable, and new Notes or, as appropriate, replacement Notes, are issued to such Purchaser, in each case in principal amounts reflecting their respective Term Loans or Revolving Loan Commitments (or, if the Maturity Date has occurred, their respective Outstanding Revolving Credit Exposure), as applicable, as adjusted pursuant to such assignment.

12.3.4 *Register.* The Administrative Agent, acting solely for this purpose as a non-fiduciary agent of the Borrower (and the Borrower hereby designates the Administrative Agent to act in such capacity), shall maintain at one of its offices in New York, New York a copy of each Assignment Agreement delivered to it and a register (the "**Register**") for the recordation of the names and addresses of the Lenders, and the Term Loans and Revolving Loan Commitments of, and principal amounts of and interest on the Loans owing to, each Lender pursuant to the terms hereof from time to time and whether such Lender is an original Lender or assignee of another Lender pursuant to an assignment under this Section 13.3. The entries in the Register shall be conclusive absent manifest error, and the Borrower, the Administrative Agent and the Lenders may treat each Person whose name is recorded in the Register pursuant to the terms hereof as a

Lender hereunder for all purposes of this Agreement, notwithstanding notice to the contrary. The Register shall be available for inspection by the Borrower and any Lender, at any reasonable time and from time to time upon reasonable prior notice.

12.3.5 *No Assignments to Borrower.* No such assignment shall be made to the Borrower or any of its Affiliates or Subsidiaries.

12.4 *Dissemination of Information*

. The Borrower authorizes each Lender to disclose to any Participant or Purchaser or any other Person acquiring an interest in the Loan Documents by operation of law (each a “**Transferee**”) and any prospective Transferee any and all information in such Lender’s possession concerning the creditworthiness of the Borrower and the Subsidiaries; *provided* that each Transferee and prospective Transferee agrees to be bound by Section 9.11 of this Agreement.

12.5 *Tax Certifications*

. If any interest in any Loan Document is transferred to any Transferee which is not organized under the laws of the United States or any State thereof, the transferor Lender shall cause such Transferee, concurrently with the effectiveness of such transfer, to comply with the provisions of Section 3.5(d).

ARTICLE XIII

NOTICES

13.1 *Notices; Effectiveness; Electronic Communication*

13.1.1 *Notices Generally.* Except in the case of notices and other communications expressly permitted to be given by telephone (and except as provided in Section 13.1.2), all notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by telecopier as follows:

(a) if to the Borrower, at the Borrower’s address or telecopier number set forth on the signature page hereof;

(b) if to the Administrative Agent or the Swing Line Lender or if the LC Issuer is BTMU, (a) in the case of an Advance denominated in Dollars or Canadian Dollars, at its address or telecopier number set forth on the signature page hereof, (b) in the case of an Advance denominated in an Agreed Currency other than Dollars or Canadian Dollars, at its address or telecopier number set forth on the signature page hereof, with a copy to MUFG Bank, Ltd., formerly known as The Bank of Tokyo-Mitsubishi UFJ, Ltd., 1221 Avenue of the Americas, New York, NY 10020, Attention: Lawrence Blat, Telephone: 212-405-6621, Email: AgencyDesk@us.sc.mufg.jp, and (c) in the case of any other notice to be delivered hereunder, at its address or telecopier number set forth on the signature page hereof;

(c) if to a Lender or to any LC Issuer other than BTMU, to it at its address (or telecopier number) set forth in its Administrative Questionnaire delivered to the Administrative Agent.

Notices sent by hand or overnight courier service, or mailed by certified or registered mail, shall be deemed to have been given when received; notices sent by telecopier shall be deemed to have been given when sent (except that, if not given during normal business hours for the recipient, shall be deemed to have been given at the opening of business on the next Business Day for the recipient). Notices delivered through electronic communications to the extent provided in Section 13.1.2 shall be effective as provided in Section 13.1.2.

13.1.2 *Electronic Communications.* Notices and other communications to the Lenders may be delivered or furnished by electronic communication (including email and Internet or intranet websites) pursuant to procedures approved by the Administrative Agent or as otherwise determined by the Administrative Agent; *provided* that the foregoing shall not apply to notices to any Lender pursuant to Article II if such Lender has notified the Administrative Agent that it is incapable of receiving notices under such Article by electronic communication. The Administrative Agent or the Borrower, on behalf of the Borrower, may, in its respective discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it or as it otherwise determines; *provided* that such determination or approval may be limited to particular notices or communications.

Unless the Administrative Agent otherwise prescribes, (i) notices and other communications sent to an email address shall be deemed received upon the sender's receipt of an acknowledgement from the intended recipient (such as by the "**return receipt requested**" function, as available, return email or other written acknowledgement); *provided* that if such notice or other communication is not given during the normal business hours of the recipient, such notice or communication shall be deemed to have been given at the opening of business on the next Business Day for the recipient, and (ii) notices or communications posted to an Internet or intranet website shall be deemed received upon the deemed receipt by the intended recipient at its email address as described in the foregoing clause (i) of notification that such notice or communication is available and identifying the website address therefor.

13.2 *Change of Address, Etc.*

Any party hereto may change its address or telecopier number for notices and other communications hereunder by notice to the other parties hereto.

13.3 *Communications on Electronic Transmission System*

. The Borrower agrees that the Administrative Agent may make communications available to the Lenders by posting such communications on DebtDomain or a substantially similar electronic transmission system (the "**Platform**"). THE PLATFORM IS PROVIDED "AS IS" AND "AS AVAILABLE". THE AGENT PARTIES (AS DEFINED BELOW) DO NOT WARRANT THE ACCURACY OR COMPLETENESS OF THE COMMUNICATIONS, OR THE ADEQUACY OF THE PLATFORM AND EXPRESSLY DISCLAIM LIABILITY FOR ERRORS OR OMISSIONS IN THE COMMUNICATIONS. NO WARRANTY OF ANY KIND, EXPRESS, IMPLIED OR STATUTORY, INCLUDING ANY WARRANTY OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, NON-INFRINGEMENT OF THIRD PARTY RIGHTS OR FREEDOM FROM VIRUSES

OR OTHER CODE DEFECTS, IS MADE BY THE AGENT PARTIES IN CONNECTION WITH THE COMMUNICATIONS OR THE PLATFORM. IN NO EVENT SHALL THE ADMINISTRATIVE AGENT OR ANY OF ITS AFFILIATES OR ANY OF THEIR RESPECTIVE OFFICERS, DIRECTORS, EMPLOYEES, AGENTS, ADVISORS OR REPRESENTATIVES (COLLECTIVELY, THE “**AGENT PARTIES**”) HAVE ANY LIABILITY TO THE BORROWER, ANY LENDER OR ANY OTHER PERSON OR ENTITY FOR DAMAGES OF ANY KIND, INCLUDING DIRECT OR INDIRECT, SPECIAL, INCIDENTAL OR CONSEQUENTIAL DAMAGES, LOSSES OR EXPENSES (WHETHER IN TORT, CONTRACT OR OTHERWISE) ARISING OUT OF THE BORROWER’S OR THE ADMINISTRATIVE AGENT’S TRANSMISSION OF COMMUNICATIONS THROUGH THE INTERNET, EXCEPT TO THE EXTENT THE LIABILITY OF ANY AGENT PARTY IS FOUND IN A FINAL NON-APPEALABLE JUDGMENT BY A COURT OF COMPETENT JURISDICTION TO HAVE RESULTED PRIMARILY FROM SUCH AGENT PARTY’S GROSS NEGLIGENCE OR WILLFUL MISCONDUCT.

ARTICLE XIV

COUNTERPARTS; INTEGRATION; EFFECTIVENESS; ELECTRONIC EXECUTION

14.1 *Counterparts; Effectiveness*

. This Agreement may be executed in counterparts (and by different parties hereto in different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. Except as provided in Article IV, this Agreement shall become effective when it shall have been executed by the Administrative Agent and when the Administrative Agent shall have received counterparts hereof which, when taken together, bear the signatures of each of the parties hereto, and thereafter shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns. Delivery of an executed counterpart of a signature page of this Agreement by telecopy shall be effective as delivery of a manually executed counterpart of this Agreement.

14.2 *Electronic Execution of Assignments*

. The words “execution,” “signed,” “signature,” and words of like import in any assignment and assumption agreement shall be deemed to include electronic signatures or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, or any other state laws based on the Uniform Electronic Transactions Act.

ARTICLE XV

CHOICE OF LAW; CONSENT TO JURISDICTION; WAIVER OF JURY TRIAL

15.1 **CHOICE OF LAW**

. **THE LOAN DOCUMENTS (OTHER THAN THOSE CONTAINING A CONTRARY EXPRESS CHOICE OF LAW PROVISION) SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS, INCLUDING SECTIONS 5-1401 AND 5-1402 OF THE GENERAL OBLIGATIONS LAW OF THE STATE OF NEW YORK BUT**

OTHERWISE WITHOUT REGARD TO THE CONFLICT OF LAWS PROVISIONS THEREOF BUT GIVING EFFECT TO FEDERAL LAWS APPLICABLE TO NATIONAL BANKS.

15.2 CONSENT TO JURISDICTION

. THE BORROWER HEREBY IRREVOCABLY SUBMITS TO THE EXCLUSIVE JURISDICTION OF THE SUPREME COURT OF THE STATE OF NEW YORK SITTING IN NEW YORK COUNTY AND OF THE UNITED STATES DISTRICT COURT OF THE SOUTHERN DISTRICT OF NEW YORK, AND ANY APPELLATE COURT FROM ANY THEREOF, IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO ANY LOAN DOCUMENTS AND THE BORROWER HEREBY IRREVOCABLY AGREES THAT ALL CLAIMS IN RESPECT OF SUCH ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED IN ANY SUCH COURT AND IRREVOCABLY WAIVES ANY OBJECTION IT MAY NOW OR HEREAFTER HAVE AS TO THE VENUE OF ANY SUCH SUIT, ACTION OR PROCEEDING BROUGHT IN SUCH A COURT OR THAT SUCH COURT IS AN INCONVENIENT FORUM. NOTHING HEREIN SHALL LIMIT THE RIGHT OF THE ADMINISTRATIVE AGENT, ANY LC ISSUER, ANY LENDER OR ANY HOLDER OF OBLIGATIONS TO BRING PROCEEDINGS AGAINST THE BORROWER IN THE COURTS OF ANY OTHER JURISDICTION. ANY JUDICIAL PROCEEDING BY THE BORROWER AGAINST THE ADMINISTRATIVE AGENT, ANY LC ISSUER, ANY LENDER OR HOLDER OF OBLIGATIONS OR ANY AFFILIATE OF THE ADMINISTRATIVE AGENT, ANY LC ISSUER, ANY LENDER OR HOLDER OF OBLIGATIONS INVOLVING, DIRECTLY OR INDIRECTLY, ANY MATTER IN ANY WAY ARISING OUT OF, RELATED TO, OR CONNECTED WITH ANY LOAN DOCUMENT SHALL BE BROUGHT ONLY IN A COURT SITTING IN NEW YORK, NEW YORK.

15.3 WAIVER OF JURY TRIAL

. THE BORROWER, THE ADMINISTRATIVE AGENT, EACH LC ISSUER, EACH LENDER AND EACH HOLDER OF OBLIGATIONS HEREBY WAIVE TRIAL BY JURY IN ANY JUDICIAL PROCEEDING INVOLVING, DIRECTLY OR INDIRECTLY, ANY MATTER (WHETHER SOUNDING IN TORT, CONTRACT OR OTHERWISE) IN ANY WAY ARISING OUT OF, RELATED TO, OR CONNECTED WITH ANY LOAN DOCUMENT OR THE RELATIONSHIP ESTABLISHED THEREUNDER.

ARTICLE XVI

BORROWER GUARANTY

In order to induce the Lenders to extend credit to the Borrower hereunder and for other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the Borrower hereby absolutely and irrevocably and unconditionally guarantees, as a primary obligor and not merely as a surety, the payment when and as due of the Rate Management Obligations and Banking Services Obligations of the Subsidiaries (collectively, the “**Specified Ancillary Obligations**”). The Borrower further agrees that the due and punctual payment of such Specified Ancillary Obligations may be extended or renewed, in whole or in part, without notice to or further assent from it, and that it will remain bound upon its guarantee hereunder notwithstanding any such extension or renewal of any such Specified Ancillary Obligation.

The Borrower waives presentment to, demand of payment from and protest to any Subsidiary of any of the Specified Ancillary Obligations, and also waives notice of acceptance of its obligations and notice of protest for nonpayment. The obligations of the Borrower hereunder shall not be affected by: (a) the failure of any applicable Lender (or any of its Affiliates) to assert any claim or demand or to enforce any right or remedy against any Subsidiary under the provisions of any Banking Services Agreement, any Rate Management Transaction or otherwise; (b) any extension or renewal of any of the Specified Ancillary Obligations; (c) any rescission, waiver, amendment or modification of, or release from, any of the terms or provisions of this Agreement, any other Loan Document, any Banking Services Agreement, any Rate Management Transaction or other agreement; (d) any default, failure or delay, willful or otherwise, in the performance of any of the Specified Ancillary Obligations; (e) the failure of any applicable Lender (or any of its Affiliates) to take any steps to perfect and maintain any security interest in, or to preserve any rights to, any security or collateral for the Specified Ancillary Obligations, if any; (f) any change in the corporate, partnership or other existence, structure or ownership of any Subsidiary or any other guarantor of any of the Specified Ancillary Obligations; (g) the enforceability or validity of the Specified Ancillary Obligations or any part thereof or the genuineness, enforceability or validity of any agreement relating thereto or with respect to any collateral securing the Specified Ancillary Obligations or any part thereof, or any other invalidity or unenforceability relating to or against any Subsidiary or any other guarantor of any of the Specified Ancillary Obligations, for any reason related to this Agreement, any other Loan Document, any Banking Services Agreement, any Rate Management Transaction, or any provision of applicable law, decree, order or regulation of any jurisdiction purporting to prohibit the payment by such Subsidiary or any other guarantor of the Specified Ancillary Obligations, of any of the Specified Ancillary Obligations or otherwise affecting any term of any of the Specified Ancillary Obligations; or (h) any other act, omission or delay to do any other act which may or might in any manner or to any extent vary the risk of the Borrower or otherwise operate as a discharge of a guarantor as a matter of law or equity or which would impair or eliminate any right of the Borrower to subrogation.

The Borrower further agrees that its agreement hereunder constitutes a guarantee of payment when due (whether or not any bankruptcy or similar proceeding shall have stayed the accrual or collection of any of the Specified Ancillary Obligations or operated as a discharge thereof) and not merely of collection, and waives any right to require that any resort be had by any applicable Lender (or any of its Affiliates) to any balance of any deposit account or credit on the books of the Administrative Agent, the LC Issuer or any Lender in favor of any Subsidiary or any other Person.

The obligations of the Borrower hereunder shall not be subject to any reduction, limitation, impairment or termination for any reason, and shall not be subject to any defense or set-off, counterclaim, recoupment or termination whatsoever, by reason of the invalidity, illegality or unenforceability of any of the Specified Ancillary Obligations, any impossibility in the performance of any of the Specified Ancillary Obligations or otherwise.

The Borrower further agrees that its obligations hereunder shall constitute a continuing and irrevocable guarantee of all Specified Ancillary Obligations now or hereafter existing and shall continue to be effective or be reinstated, as the case may be, if at any time payment, or any part thereof, of any Specified Ancillary Obligation (including a payment effected through exercise of a right of setoff) is rescinded, or is or must otherwise be restored or returned by any applicable Lender (or any of its Affiliates) upon the insolvency, bankruptcy or reorganization of any Subsidiary or otherwise (including pursuant to any settlement entered into by a holder of Specified Ancillary Obligations in its discretion).

In furtherance of the foregoing and not in limitation of any other right which any applicable Lender (or any of its Affiliates) may have at law or in equity against the Borrower by virtue hereof, upon the failure of any Subsidiary to pay any Specified Ancillary Obligation when and as the same shall become due, whether at maturity, by acceleration, after notice of prepayment or otherwise, the Borrower hereby promises to and will, upon receipt of written demand by any applicable Lender (or any of its Affiliates), forthwith pay, or cause to be paid, to such applicable Lender (or any of its Affiliates) in cash an amount equal to the unpaid principal amount of such Specified Ancillary Obligations then due, together with accrued and unpaid interest thereon. The Borrower further agrees that if payment in respect of any Specified Ancillary Obligation shall be due in a currency other than Dollars and/or at a place of payment other than New York, Chicago or any other Eurocurrency Payment Office and if, by reason of any Change in Law, disruption of currency or foreign exchange markets, war or civil disturbance or other event, payment of such Specified Ancillary Obligation in such currency or at such place of payment shall be impossible or, in the reasonable judgment of any applicable Lender (or any of its Affiliates), disadvantageous to such applicable Lender (or any of its Affiliates) in any material respect, then, at the election of such applicable Lender, the Borrower shall make payment of such Specified Ancillary Obligation in Dollars (based upon the applicable Equivalent Amount in effect on the date of payment) and/or in New York or such other Eurocurrency Payment Office as is designated by such applicable Lender (or its Affiliate) and, as a separate and independent obligation, shall indemnify such applicable Lender (and any of its Affiliates) against any losses or reasonable out-of-pocket expenses that it shall sustain as a result of such alternative payment.

Upon payment by the Borrower of any sums as provided above, all rights of the Borrower against any Subsidiary arising as a result thereof by way of right of subrogation or otherwise shall in all respects be subordinated and junior in right of payment to the prior indefeasible payment in full in cash of all the Specified Ancillary Obligations owed by such Subsidiary to the applicable Lender (or its applicable Affiliates).

Nothing shall discharge or satisfy the liability of the Borrower hereunder except the full performance and payment in cash of the Obligations.

The Borrower hereby absolutely, unconditionally and irrevocably undertakes to provide such funds or other support as may be needed from time to time by each Guarantor to honor all of its obligations under the Guaranty in respect of Specified Swap Obligations (provided, however, that the Borrower shall only be liable under this paragraph for the maximum amount of such liability that can be hereby incurred without rendering its obligations under this paragraph or otherwise under this Article XVI voidable under applicable law relating to fraudulent conveyance or fraudulent transfer, and not for any greater amount). The Borrower intends that this paragraph constitute, and this paragraph shall be deemed to constitute, a “keepwell, support, or other agreement” for the benefit of each Guarantor for all purposes of Section 1a(18)(A)(v)(II) of the Commodity Exchange Act.

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Conformed copy of agreement does not contain signatures as signatories only sign individual amendments.

COMMITMENT SCHEDULE

Commitments

Lender	Amount of Revolving Loan Commitment	% of Aggregate Revolving Loan Commitment
MUFG Bank, Ltd. (formerly known as The Bank of Tokyo-Mitsubishi UFJ, Ltd.)	\$96,666,666.67	19.3333333333%
Bank of America, N.A.	\$96,666,666.67	19.3333333333%
JPMorgan Chase Bank, N.A.	\$63,333,333.33	12.6666666667%
U.S. Bank National Association	\$63,333,333.33	12.6666666667%
Wells Fargo Bank, National Association	\$63,333,333.33	12.6666666667%
Fifth Third Bank, National Association	\$50,000,000.00	10.0000000000%
Royal Bank of Canada	\$50,000,000.00	10.0000000000%
The Northern Trust Company	\$16,666,666.67	3.3333333333%
TOTAL	\$500,000,000.00	100.0000000000%

PRICING SCHEDULE

Applicable Margin	Level I Status	Level II Status	Level III Status	Level IV Status	Level V Status	Level VI Status
<i>Eurocurrency Rate</i>	1.000%	1.125%	1.250%	1.500%	1.750%	2.000%
<i>Floating Rate</i>	0.000%	0.125%	0.250%	0.500%	0.750%	1.000%

Applicable Fee Rate	Level I Status	Level II Status	Level III Status	Level IV Status	Level V Status	Level VI Status
<i>Commitment Fee</i>	0.150%	0.175%	0.200%	0.250%	0.300%	0.350%

The Applicable Margin shall be Level IV Status until the delivery of the Financials for the first fiscal quarter ending after the Closing Date. The Applicable Fee Rate shall be Level IV Status until the delivery of the Financials for the first fiscal quarter ending after the Closing Date.

For the purposes of this Schedule, the following terms have the following meanings, subject to the final paragraph of this Schedule:

“**Level I Status**” exists at any date if, as of the last day of the fiscal quarter of the Borrower referred to in the most recent Financials, the Leverage Ratio is less than 1.50 to 1.00.

“**Level II Status**” exists at any date if, as of the last day of the fiscal quarter of the Borrower referred to in the most recent Financials, (i) the Borrower has not qualified for Level I Status and (ii) the Leverage Ratio is less than 2.00 to 1.00.

“**Level III Status**” exists at any date if, as of the last day of the fiscal quarter of the Borrower referred to in the most recent Financials, (i) the Borrower has not qualified for Level I Status or Level II Status and (ii) the Leverage Ratio is less than 2.50 to 1.00.

“**Level IV Status**” exists at any date if, as of the last day of the fiscal quarter of the Borrower referred to in the most recent Financials, (i) the Borrower has not qualified for Level I Status, Level II Status or Level III Status and (iii) the Leverage Ratio is less than 3.00 to 1.00.

“**Level V Status**” exists at any date if, as of the last day of the fiscal quarter of the Borrower referred to in the most recent Financials, (i) the Borrower has not qualified for Level I Status, Level II Status, Level III Status or Level IV Status and (iii) the Leverage Ratio is less than 3.50 to 1.00.

“**Level VI Status**” exists at any date if the Borrower has not qualified for Level I Status, Level II Status, Level III Status, Level IV Status or Level V Status.

“**Status**” means Level I Status, Level II Status, Level III Status, Level IV Status, Level V Status or Level VI Status.

The Applicable Margin and Applicable Fee Rate shall be determined in accordance with the foregoing table based on the Borrower’s Status as reflected in the then most recent Financials. Adjustments, if any, to the Applicable Margin or Applicable Fee Rate shall be effective five Business Days after the Administrative Agent has received the applicable Financials. If the Borrower fails to

deliver the Financials to the Administrative Agent at the time required pursuant to Section 6.1, then the Applicable Margin and Applicable Fee Rate shall be the highest Applicable Margin and Applicable Fee Rate set forth in the foregoing table until five days after such Financials are so delivered.

If, as a result of any restatement of or other adjustment to the financial statements of the Borrower or for any other reason, the Borrower or the Lenders determine that (i) the Leverage Ratio as calculated by the Borrower as of any applicable date was inaccurate and (ii) a proper calculation of the Leverage Ratio would have resulted in higher pricing for such period, the Borrower shall immediately and retroactively be obligated to pay to the Administrative Agent for the account of the applicable Lenders or the LC Issuer, as the case may be, promptly on demand by the Administrative Agent (or, after the occurrence of an actual or deemed entry of an order for relief with respect to the Borrower under the Bankruptcy Code of the United States, automatically and without further action by the Administrative Agent, any Lender or the LC Issuer), an amount equal to the excess of the amount of interest and fees that should have been paid for such period over the amount of interest and fees actually paid for such period. This paragraph shall not limit the rights of the Administrative Agent, any Lender or the LC Issuer, as the case may be, under Section 2.12, 2.24.4 or 2.24.6 or under Article VII. The Borrower's obligations under this paragraph shall survive the termination of the Commitments and the repayment of all other Obligations hereunder.

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PATTERSON COMPANIES, INC.
PATTERSON DENTAL HOLDINGS, INC.
PATTERSON DENTAL SUPPLY, INC.
PATTERSON VETERINARY SUPPLY, INC.
PATTERSON MANAGEMENT, LP

\$150,000,000 3.79% Senior Notes, due March 30, 2028

—————
NOTE PURCHASE AGREEMENT
—————

Dated as of March 29, 2018

—————
PPN: 70344# AA2

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PATTERSON COMPANIES, INC.
PATTERSON DENTAL HOLDINGS, INC.
PATTERSON DENTAL SUPPLY, INC.
PATTERSON VETERINARY SUPPLY, INC.
PATTERSON MANAGEMENT, LP
1031 Mendota Heights Road
St. Paul, MN 55120
(651) 686-1600
Fax: (651) 686-9331

\$150,000,000 3.79% Senior Notes, due March 30, 2028

Dated as of March 29, 2018

TO EACH OF THE PURCHASERS LISTED IN THE ATTACHED SCHEDULE A:

Ladies and Gentlemen:

PATTERSON COMPANIES, INC., a Minnesota corporation (the “Company”), PATTERSON DENTAL HOLDINGS, INC., a Minnesota corporation (“Dental Holdings”), PATTERSON DENTAL SUPPLY, INC., a Minnesota corporation (“PDSI”), PATTERSON VETERINARY SUPPLY, INC., a Minnesota corporation (“Patterson Veterinary”), and PATTERSON MANAGEMENT, LP, a Minnesota limited partnership (“Patterson Management”), jointly and severally agree with you as follows:

1. AUTHORIZATION OF NOTES.

1.1. The Notes.

The Obligors have authorized the issue and sale of \$150,000,000 aggregate principal amount of their 3.79% Senior Notes, due March 30, 2028 (the “Notes,” such term to include any such notes issued in substitution therefor pursuant to Section 13 of this Agreement). The Notes shall be substantially in the form set out in Exhibit 1.1, with such changes therefrom, if any, as may be approved by you and the Company. Certain capitalized terms used in this Agreement are defined in Schedule B; references to a “Schedule” or an “Exhibit” are, unless otherwise specified, to a Schedule or an Exhibit attached to this Agreement.

1.2. Additional Interest.

If the Debt to Adjusted EBITDA Ratio at any time exceeds 3.50 to 1.00, as evidenced by an Officer’s Certificate delivered pursuant to Section 7.2(a), the interest rate payable on the Notes shall be increased by 0.50% per annum (the “Incremental Interest”). Such

Incremental Interest shall begin to accrue on the first day of the fiscal quarter following the fiscal quarter in respect of which such Officer's Certificate was delivered, and shall continue to accrue until the Company has provided an Officer's Certificate pursuant to Section 7.2(a) demonstrating that, as of the last day of the fiscal quarter in respect of which such Certificate is delivered, the Debt to Adjusted EBITDA Ratio is not more than 3.50 to 1.00. In the event such Officer's Certificate is delivered, the Incremental Interest shall cease to accrue on the last day of the fiscal quarter in respect of which such Officer's Certificate is delivered. The Incremental Interest will become due and payable to the holders of the Notes on the earlier of (a) the next interest payment date with respect to the Notes, or (b) the date the Notes shall have become due and payable as a result of their maturity or acceleration.

1.3. Subsidiary Guaranty.

The payment by the Obligors of all amounts due on or in respect of the Notes and the performance by the Obligors of their obligations under this Agreement will be guaranteed by the Subsidiary Guarantors pursuant to the Subsidiary Guaranty in substantially the form of the attached Exhibit 1.3, as it may be amended or supplemented from time to time (the "Subsidiary Guaranty").

2. SALE AND PURCHASE OF NOTES.

Subject to the terms and conditions of this Agreement, the Obligors will issue and sell to you and each of the other purchasers named in Schedule A (the "Other Purchasers"), and you and the Other Purchasers will purchase from the Obligors, at the Closing provided for in Section 3, Notes in the principal amount specified opposite your names in Schedule A at the purchase price of 100% of the principal amount thereof. Your obligation hereunder and the obligations of the Other Purchasers are several and not joint obligations and you shall have no liability to any Person for the performance or non-performance by any Other Purchaser hereunder.

3. CLOSING.

The sale and purchase of the Notes to be purchased by you and the Other Purchasers shall occur at the offices of Foley & Lardner LLP, 321 North Clark Street, Suite 2800, Chicago, Illinois 60654-5313, at 9:00 a.m., Chicago time, at a closing (the "Closing") on March 29, 2018. At the Closing the Obligors will deliver to you the Notes to be purchased by you in the form of a single Note (or such greater number of Notes in denominations of at least \$100,000 as you may request) dated the date of the Closing and registered in your name (or in the name of your nominee), against delivery by you to the Obligors or their order of immediately available funds in the amount of the purchase price therefor by wire transfer of immediately available funds for the account of the Company (for the benefit of the Obligors) to account number 1 731 0172 5153 at US Bank National Association, Minneapolis Office, 800 Nicollet Mall, Minneapolis, MN 55402, ABA No. 091000022. If at the Closing any Obligor fails to tender such Notes to you as provided above in this Section 3, or any of the conditions specified in Section 4 shall not have been fulfilled to your satisfaction, you shall, at your

election, be relieved of all further obligations under this Agreement, without thereby waiving any rights you may have by reason of such failure or such nonfulfillment.

4. CONDITIONS TO CLOSING.

Your obligation to purchase and pay for the Notes to be sold to you at the Closing is subject to the fulfillment to your satisfaction, prior to or at the Closing, of the following conditions:

4.1. Representations and Warranties.

The representations and warranties of the Obligor in this Agreement shall be correct when made and at the time of the Closing.

4.2. Performance; No Default.

The Obligor shall have performed and complied with all agreements and conditions contained in this Agreement required to be performed or complied with by them prior to or at the Closing and after giving effect to the issue and sale of the Notes (and the application of the proceeds thereof as contemplated by Section 5.14) no Default or Event of Default shall have occurred and be continuing. Neither any Obligor nor any other Subsidiary shall have entered into any transaction since the date of the Memorandum that would have been prohibited by Section 10 had such Section applied since such date.

4.3. Compliance Certificates.

(a) Officer's Certificate. Each Obligor shall have delivered to you an Officer's Certificate, dated the date of the Closing, certifying that the conditions specified in Sections 4.1, 4.2 and 4.9 have been fulfilled.

(b) Secretary's Certificate. Each Obligor and each Subsidiary Guarantor shall have delivered to you a certificate certifying as to the resolutions attached thereto and other corporate proceedings relating to the authorization, execution and delivery of the Notes, the Agreement and the Subsidiary Guaranty, as applicable.

4.4. Opinions of Counsel.

You shall have received opinions in form and substance satisfactory to you, dated the date of the Closing (a) (i) from Briggs and Morgan, P.A., counsel to the Obligor, (ii) from Les Korsh, Esq., counsel to the Obligor and (iii) from Hogan Lovells US LLP, counsel to the Subsidiary Guarantor, covering the matters set forth in Exhibit 4.4(a) and covering such other matters incident to the transactions contemplated hereby as you or your counsel may reasonably request (and the Obligor instruct their counsel to deliver such opinion to you) and (b) from Foley & Lardner LLP, your special counsel in connection with such transactions, substantially in the form set forth in Exhibit 4.4(b) and covering such other matters incident to such transactions as you may reasonably request.

4.5. Purchase Permitted By Applicable Law, etc.

On the date of the Closing your purchase of Notes shall (i) be permitted by the laws and regulations of each jurisdiction to which you are subject, without recourse to provisions (such as Section 1405(a)(8) of the New York Insurance Law) permitting limited investments by insurance companies without restriction as to the character of the particular investment, (ii) not violate any applicable law or regulation (including, without limitation, Regulation U, T or X of the Board of Governors of the Federal Reserve System) and (iii) not subject you to any tax, penalty or liability under or pursuant to any applicable law or regulation, which law or regulation was not in effect on the date hereof. If requested by you, you shall have received an Officer's Certificate certifying as to such matters of fact as you may reasonably specify to enable you to determine whether such purchase is so permitted.

4.6. Sale of Other Notes.

Contemporaneously with the Closing the Obligors shall sell to the Other Purchasers and the Other Purchasers shall purchase the Notes to be purchased by them at the Closing as specified in Schedule A.

4.7. Payment of Special Counsel Fees.

Without limiting the provisions of Section 15.1, the Obligors shall have paid on or before the Closing the fees, charges and disbursements of your special counsel referred to in Section 4.4, to the extent reflected in a statement of such counsel rendered to the Obligors at least one Business Day prior to the Closing.

4.8. Private Placement Number.

A Private Placement Number issued by Standard & Poor's CUSIP Service Bureau (in cooperation with the Securities Valuation Office of the National Association of Insurance Commissioners) shall have been obtained for the Notes.

4.9. Changes in Corporate Structure.

Except as specified in Schedule 4.9, no Obligor shall have changed its jurisdiction of organization or been a party to any merger or consolidation and shall not have succeeded to all or any substantial part of the liabilities of any other entity, at any time following the date of the most recent financial statements referred to in Schedule 5.5.

4.10. Funding Instructions.

At least three Business Days prior to the date of the Closing, you shall have received written instructions signed by a Responsible Officer on letterhead of the Company confirming the information specified in Section 3 including (i) the name and address of the transferee bank, (ii) such transferee bank's ABA number and (iii) the account name and number into which the purchase price for the Notes is to be deposited.

4.11. Proceedings and Documents.

All corporate or partnership and other proceedings in connection with the transactions contemplated by this Agreement and all documents and instruments incident to such transactions shall be satisfactory to you and your special counsel, and you and your special counsel shall have received all such counterpart originals or certified or other copies of such documents as you or they may reasonably request.

4.12. Subsidiary Guaranty.

Each Subsidiary Guarantor shall have executed and delivered the Subsidiary Guaranty in favor of you and the Other Purchasers and you shall have received a copy of the executed Subsidiary Guaranty.

5. REPRESENTATIONS AND WARRANTIES OF THE OBLIGORS.

Each Obligor represents and warrants to you that:

5.1. Organization; Power and Authority.

Each Obligor is a corporation or limited partnership duly organized, validly existing and in good standing under the laws of its jurisdiction of organization, and is duly qualified as a foreign corporation or foreign limited partnership and is in good standing in each jurisdiction in which such qualification is required by law, other than those jurisdictions as to which the failure to be so qualified or in good standing could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. Each Obligor has the corporate or partnership power and authority to own or hold under lease the properties it purports to own or hold under lease, to transact the business it transacts and proposes to transact, to execute and deliver this Agreement and the Notes and to perform the provisions hereof and thereof.

5.2. Authorization, etc.

This Agreement and the Notes have been duly authorized by all necessary corporate or partnership action on the part of each Obligor, and this Agreement constitutes, and upon execution and delivery thereof each Note will constitute, a legal, valid and binding obligation of each Obligor enforceable against each Obligor in accordance with its terms, except as such enforceability may be limited by (i) applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally and (ii) general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

The Subsidiary Guaranty has been duly authorized by all necessary corporate, partnership, or limited liability company action (as the case may be) on the part of each Subsidiary Guarantor and upon execution and delivery thereof will constitute the legal, valid and binding obligation of each Subsidiary Guarantor, enforceable against each Subsidiary Guarantor

in accordance with its terms, except as such enforceability may be limited by (a) applicable bankruptcy, insolvency, reorganization, fraudulent conveyance, fraudulent transfer, moratorium, or other similar laws affecting the enforcement of creditors' rights generally and (ii) general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

5.3. Disclosure.

The Obligors, through their agent, J.P. Morgan Securities LLC, have delivered to you and each Other Purchaser a copy of a confidential Private Placement Memorandum, dated January 2018, including the Company's Annual Reports on Form 10-K for the fiscal years ended April 29, 2017 and April 30, 2016 and the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended October 28, 2017 (the "Memorandum"), relating to the transactions contemplated hereby. The Memorandum fairly describes, in all material respects, the general nature of the business and principal properties of the Company and its Subsidiaries. Except as disclosed in Schedule 5.3, this Agreement, the Memorandum, the documents, certificates or other writings delivered to you by or on behalf of the Obligors in connection with the transactions contemplated hereby and the financial statements listed in Schedule 5.5, taken as a whole, do not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein not misleading in light of the circumstances under which they were made. Except as disclosed in the Memorandum or as expressly described in Schedule 5.3, or in one of the documents, certificates or other writings identified therein, or in the financial statements listed in Schedule 5.5, since April 29, 2017, there has been no change in the financial condition, operations, business or properties of the Company or any Subsidiary except changes that individually or in the aggregate could not reasonably be expected to have a Material Adverse Effect. There is no fact known to any Obligor that could reasonably be expected to have a Material Adverse Effect that has not been set forth herein or in the Memorandum or in the other documents, certificates and other writings delivered to you by or on behalf of the Obligors specifically for use in connection with the transactions contemplated hereby.

5.4. Organization and Ownership of Shares of Subsidiaries; Affiliates.

(a) Schedule 5.4 contains (except as noted therein) complete and correct lists of: (i) the Company's Subsidiaries, showing, as to each Subsidiary, the correct name thereof, the jurisdiction of its organization, and the percentage of shares of each class of its capital stock or similar equity interests outstanding owned by the Company and each other Subsidiary, (ii) the Company's Affiliates, other than Subsidiaries, and (iii) the Company's directors and senior officers.

(b) All of the outstanding shares of capital stock or similar equity interests of each Subsidiary shown in Schedule 5.4 as being owned by the Company and its Subsidiaries have been validly issued, are fully paid and nonassessable and are owned by the Company or another Subsidiary free and clear of any Lien (except as otherwise disclosed in Schedule 5.4).

(c) Each Subsidiary identified in Schedule 5.4 is a corporation or other legal entity duly organized, validly existing and in good standing under the laws of its jurisdiction of organization, and is duly qualified as a foreign corporation or other legal entity and is in good standing in each jurisdiction in which such qualification is required by law, other than those jurisdictions as to which the failure to be so qualified or in good standing could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. Each such Subsidiary has the corporate or other power and authority to own or hold under lease the properties it purports to own or hold under lease and to transact the business it transacts and proposes to transact.

(d) No Subsidiary is a party to, or otherwise subject to, any legal restriction or any agreement (other than this Agreement, the agreements listed on Schedule 5.4 and customary limitations imposed by corporate or limited partnership law statutes) restricting the ability of such Subsidiary to pay dividends out of profits or make any other similar distributions of profits to the Company or any of its Subsidiaries that owns outstanding shares of capital stock or similar equity interests of such Subsidiary.

5.5. Financial Statements.

The Company has delivered to you and each Other Purchaser copies of the financial statements of the Company and its Subsidiaries listed on Schedule 5.5. All of said financial statements (including in each case the related schedules and notes) fairly present in all material respects the consolidated financial position of the Company and its Subsidiaries as of the respective dates specified in such Schedule and the consolidated results of their operations and cash flows for the respective periods so specified and have been prepared in accordance with GAAP consistently applied throughout the periods involved except as set forth in the notes thereto (subject, in the case of any interim financial statements, to normal year-end adjustments).

5.6. Compliance with Laws, Other Instruments, etc.

The execution, delivery and performance by each Obligor of this Agreement and the Notes will not (i) contravene, result in any breach of, or constitute a default under, or result in the creation of any Lien in respect of any property of any Obligor or any other Subsidiary under, any indenture, mortgage, deed of trust, loan, purchase or credit agreement, lease, corporate charter or by-laws, or any other agreement or instrument to which any Obligor or any other Subsidiary is bound or by which any Obligor or any other Subsidiary or any of their respective properties may be bound or affected, (ii) conflict with or result in a breach of any of the terms, conditions or provisions of any order, judgment, decree, or ruling of any court, arbitrator or Governmental Authority applicable to any Obligor or any other Subsidiary or (iii) violate any provision of any statute or other rule or regulation of any Governmental Authority applicable to any Obligor or any other Subsidiary.

The execution, delivery and performance by each Subsidiary Guarantor of the Subsidiary Guaranty will not (i) contravene, result in any breach of, or constitute a default under, or result in the creation of any Lien in respect of any property of such Subsidiary Guarantor under, any agreement, or corporate charter or by-laws, to which such Subsidiary Guarantor is

bound or by which such Subsidiary Guarantor or any of its properties may be bound or affected, (ii) conflict with or result in a breach of any of the terms, conditions or provisions of any order, judgment, decree, or ruling of any court, arbitrator or Governmental Authority applicable to such Subsidiary Guarantor or (iii) violate any provision of any statute or other rule or regulation of any Governmental Authority applicable to such Subsidiary Guarantor.

5.7. Governmental Authorizations, etc.

No consent, approval or authorization of, or registration, filing or declaration with, any Governmental Authority is required in connection with the execution, delivery or performance by any Obligor of this Agreement or the Notes, or the execution, delivery or performance by each Subsidiary Guarantor of the Subsidiary Guaranty.

5.8. Litigation; Observance of Agreements, Statutes and Orders.

(a) Except as disclosed in Schedule 5.8, there are no actions, suits or proceedings pending or, to the knowledge of any Obligor, threatened against or affecting any Obligor or any other Subsidiary or any property of any Obligor or any other Subsidiary in any court or before any arbitrator of any kind or before or by any Governmental Authority that, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect.

(b) Neither any Obligor nor any other Subsidiary is in default under any term of any agreement or instrument to which it is a party or by which it is bound, or any order, judgment, decree or ruling of any court, arbitrator or Governmental Authority or is in violation of any applicable law, ordinance, rule or regulation (including Environmental Laws, the USA PATRIOT Act or any of the other laws and regulations that are referred to in Section 5.16) of any Governmental Authority, which default or violation, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect.

5.9. Taxes.

The Company and its Subsidiaries have filed all tax returns that are required to have been filed in any jurisdiction, and have paid all taxes shown to be due and payable on such returns and all other taxes and assessments levied upon them or their properties, assets, income or franchises, to the extent such taxes and assessments have become due and payable and before they have become delinquent, except for any taxes and assessments (i) the amount of which is not individually or in the aggregate Material or (ii) the amount, applicability or validity of which is currently being contested in good faith by appropriate proceedings and with respect to which the Company or a Subsidiary, as the case may be, has established adequate reserves in accordance with GAAP. The Company knows of no basis for any other tax or assessment that could reasonably be expected to have a Material Adverse Effect. The charges, accruals and reserves on the books of the Company and its Subsidiaries in respect of Federal, state or other taxes for all fiscal periods are adequate. The Federal income tax liabilities of the Company and

its Subsidiaries have been determined by the Internal Revenue Service and paid for all fiscal years up to and including the fiscal year ended April 27, 2013.

5.10. Title to Property; Leases.

The Company and its Subsidiaries have good and sufficient title to their respective properties that individually or in the aggregate are Material, including all such properties reflected in the most recent audited balance sheet referred to in Section 5.5 or purported to have been acquired by the Company or any Subsidiary after said date (except as sold or otherwise disposed of in the ordinary course of business), in each case free and clear of Liens prohibited by this Agreement. All leases that individually or in the aggregate are Material are valid and subsisting and are in full force and effect in all material respects.

5.11. Licenses, Permits, etc.

Except as disclosed in Schedule 5.11,

(a) the Company and its Subsidiaries own or possess all licenses, permits, franchises, authorizations, patents, copyrights, service marks, trademarks and trade names, or rights thereto, that individually or in the aggregate are Material, without known conflict with the rights of others;

(b) to the best knowledge of each Obligor, there is no Material violation by any product of any Obligor or any other Subsidiary with respect to any patent, copyright, service mark, trademark, trade name, or other right owned by any other Person; and

(c) to the best knowledge of each Obligor, there is no Material violation by any Person of any right of any Obligor or any other Subsidiary with respect to any patent, copyright, service mark, trademark, trade name or other right owned or used by the any Obligor or any other Subsidiary.

5.12. Compliance with ERISA.

(a) The Company and each ERISA Affiliate have operated and administered each Plan in compliance with all applicable laws except for such instances of noncompliance as have not resulted in and could not reasonably be expected to result in a Material Adverse Effect. Neither the Company nor any ERISA Affiliate has incurred any liability pursuant to Title I or IV of ERISA or the penalty or excise tax provisions of the Code relating to employee benefit plans (as defined in section 3 of ERISA), and no event, transaction or condition has occurred or exists that could reasonably be expected to result in the incurrence of any such liability by the Company or any ERISA Affiliate, or in the imposition of any Lien on any of the rights, properties or assets of the Company or any ERISA Affiliate, in either case pursuant to Title I or IV of ERISA or to section 430(k) of the Code or to any such penalty or excise tax provisions under the Code or Federal law or section 4068 of ERISA or by the granting of a security interest in connection with the

amendment of a Plan, other than such liabilities or Liens as would not be individually or in the aggregate Material.

(b) The present value of the aggregate benefit liabilities under each of the Plans (other than Multiemployer Plans), determined as of the end of such Plan's most recently ended plan year on the basis of the actuarial assumptions specified for funding purposes in such Plan's most recent actuarial valuation report, did not exceed the aggregate current value of the assets of such Plan allocable to such benefit liabilities. The term "benefit liabilities" has the meaning specified in section 4001 of ERISA and the terms "current value" and "present value" have the meaning specified in section 3 of ERISA.

(c) The Company and its ERISA Affiliates have not incurred withdrawal liabilities (and are not subject to contingent withdrawal liabilities) under section 4201 or 4204 of ERISA in respect of Multiemployer Plans that individually or in the aggregate are Material.

(d) The expected postretirement benefit obligation (determined as of the last day of the Company's most recently ended fiscal year in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 715-60, without regard to liabilities attributable to continuation coverage mandated by section 4980B of the Code) of the Company and its Subsidiaries is not Material.

(e) The execution and delivery of this Agreement and the issuance and sale of the Notes hereunder will not involve any transaction that is subject to the prohibitions of section 406 of ERISA or in connection with which a tax could be imposed pursuant to section 4975(c)(1)(A)(D) of the Code. The representation by the Company in the first sentence of this Section 5.12(e) is made in reliance upon and subject to the accuracy of your representation in Section 6.2 as to the sources of the funds used to pay the purchase price of the Notes to be purchased by you.

5.13. Private Offering by the Company.

Neither any Obligor nor anyone acting on its behalf has offered the Notes or any similar securities for sale to, or solicited any offer to buy any of the same from, or otherwise approached or negotiated in respect thereof with, any person other than you and the Other Purchasers and not more than 36 other Institutional Investors, each of which has been offered the Notes at a private sale for investment. Neither any Obligor nor anyone acting on its behalf has taken, or will take, any action that would subject the issuance or sale of the Notes to the registration requirements of Section 5 of the Securities Act.

5.14. Use of Proceeds; Margin Regulations.

The Obligors will apply the proceeds of the sale of the Notes to refinance Debt of the Company as set forth in Schedule 5.14 and for general corporate purposes, including repurchases of the Company's Capital Stock and business or asset acquisitions. No part of the

proceeds from the sale of the Notes will be used, directly or indirectly, for the purpose of buying or carrying any margin stock within the meaning of Regulation U of the Board of Governors of the Federal Reserve System (12 CFR 221) so as to involve any Obligor or any holder of Notes in a violation of such Regulation (or so as to require any holder of Notes to make any filing under such Regulation), or for the purpose of buying or carrying or trading in any securities under such circumstances as to involve any Obligor in a violation of Regulation X of said Board (12 CFR 224) or to involve any broker or dealer in a violation of Regulation T of said Board (12 CFR 220). Margin stock does not constitute more than 10% of the value of the consolidated assets of the Company and its Subsidiaries and the Obligors do not have any present intention that margin stock will constitute more than 10% of the value of such assets. As used in this Section, the terms “margin stock” and “purpose of buying or carrying” shall have the meanings assigned to them in said Regulation U.

5.15. Existing Debt; Future Liens.

(a) Except as described therein, Schedule 5.15 sets forth a complete and correct list of all outstanding Debt of the Company and its Subsidiaries as of March 1, 2018 since which date there has been no Material change in the amounts, interest rates, sinking funds, installment payments or maturities of the Debt of the Company or its Subsidiaries. Neither any Obligor nor any other Subsidiary is in default and no waiver of default is currently in effect, in the payment of any principal or interest on any Debt of any Obligor or any other Subsidiary and no event or condition exists with respect to any Debt of any Obligor or any other Subsidiary that would permit (or that with notice or the lapse of time, or both, would permit) one or more Persons to cause such Debt to become due and payable before its stated maturity or before its regularly scheduled dates of payment.

(b) Except as disclosed in Schedule 5.15, neither any Obligor nor any other Subsidiary has agreed or consented to cause or permit in the future (upon the happening of a contingency or otherwise) any of its property, whether now owned or hereafter acquired, to be subject to a Lien not permitted by Section 10.4.

5.16. Foreign Assets Control Regulations, etc.

(a) Neither any Obligor nor any Controlled Entity (i) is a Blocked Person, (ii) has been notified that its name appears or may in the future appear on a State Sanctions List or (iii) is a target of sanctions that have been imposed by the United Nations or the European Union.

(b) Neither any Obligor nor any Controlled Entity (i) has violated, been found in violation of, or been charged or convicted under, any applicable U.S. Economic Sanctions Laws, Anti-Money Laundering Laws or Anti-Corruption Laws or (ii) to any Obligor’s knowledge, is under investigation by any Governmental Authority for possible violation of any U.S. Economic Sanctions Laws, Anti-Money Laundering Laws or Anti-Corruption Laws.

(c) No part of the proceeds from the sale of the Notes hereunder:

(i) constitutes or will constitute funds obtained on behalf of any Blocked Person or will otherwise be used by any Obligor or any Controlled Entity, directly or indirectly, (A) in connection with any investment in, or any transactions or dealings with, any Blocked Person, (B) for any purpose that would cause any Purchaser to be in violation of any U.S. Economic Sanctions Laws or (C) otherwise in violation of any U.S. Economic Sanctions Laws;

(ii) will be used, directly or indirectly, in violation of, or cause any Purchaser to be in violation of, any applicable Anti-Money Laundering Laws; or

(iii) will be used, directly or indirectly, for the purpose of making any improper payments, including bribes, to any Governmental Official or commercial counterparty in order to obtain, retain or direct business or obtain any improper advantage, in each case which would be in violation of, or cause any Purchaser to be in violation of, any applicable Anti-Corruption Laws.

(d) Each Obligor has established procedures and controls which it reasonably believes are adequate (and otherwise comply with applicable law) to ensure that the Obligors and each Controlled Entity are and will continue to be in compliance with all applicable U.S. Economic Sanctions Laws, Anti-Money Laundering Laws and AntiCorruption Laws.

5.17. Status under Certain Statutes.

Neither any Obligor nor any other Subsidiary is subject to regulation under the Investment Company Act of 1940, as amended, the Public Utility Holding Company Act of 2005, as amended, the ICC Termination Act, as amended, or the Federal Power Act, as amended.

5.18. Environmental Matters.

Neither any Obligor nor any other Subsidiary has knowledge of any claim or has received any notice of any claim, and no proceeding has been instituted raising any claim against any Obligor or any other Subsidiary or any of their respective real properties now or formerly owned, leased or operated by any of them or other assets, alleging any damage to the environment or violation of any Environmental Laws, except, in each case, such as could not reasonably be expected to result in a Material Adverse Effect. Except as otherwise disclosed to you in writing,

(a) neither any Obligor nor any other Subsidiary has knowledge of any facts which would give rise to any claim, public or private, of violation of Environmental Laws or damage to the environment emanating from, occurring on or in any way related to real properties now or formerly owned, leased or operated by any of them or to other assets or their use, except, in each case, such as could not reasonably be expected to result in a Material Adverse Effect;

(b) neither any Obligor nor any other Subsidiary has stored any Hazardous Materials on real properties now or formerly owned, leased or operated by any of them and has not disposed of any Hazardous Materials in a manner contrary to any Environmental Laws in each case in any manner that could reasonably be expected to result in a Material Adverse Effect; and

(c) all buildings on all real properties now owned, leased or operated by any Obligor or any other Subsidiary are in compliance with applicable Environmental Laws, except where failure to comply could not reasonably be expected to result in a Material Adverse Effect.

5.19. Solvency of Obligors.

After giving effect to the transactions contemplated herein, (i) the present value of the assets of each Obligor, at a fair valuation, is in excess of the amount that will be required to pay its probable liability on its existing debts as said debts become absolute and matured, (ii) each Obligor has received reasonably equivalent value for issuing and selling the Notes, (iii) the property remaining in the hands of each Obligor is not an unreasonably small capital, and (iv) each Obligor is able to pay its debts as they mature.

6. REPRESENTATIONS OF THE PURCHASERS.

6.1. Purchase for Investment.

You represent that you are purchasing the Notes for your own account or for one or more separate accounts maintained by you or for the account of one or more pension or trust funds and not with a view to the distribution thereof, provided that the disposition of your or their property shall at all times be within your or their control. You understand that the Notes have not been registered under the Securities Act and may be resold only if registered pursuant to the provisions of the Securities Act or if an exemption from registration is available, except under circumstances where neither such registration nor such an exemption is required by law, and that the Obligors are not required to register the Notes. You represent that you are an “accredited investor” (as defined in Rule 501(a)(1), (2), (3) or (7) of Regulation D under the Securities Act) acting for your own account (and not for the account of others) or as a fiduciary or agent for others (which others are also “accredited investors”). You further represent that you have had the opportunity to ask questions of the Company and received answers concerning the terms and conditions of the sale of the Notes.

6.2. Source of Funds.

You represent that at least one of the following statements is an accurate representation as to each source of funds (a “Source”) to be used by you to pay the purchase price of the Notes to be purchased by you hereunder:

(a) the Source is an “insurance company general account” (as the term is defined in the United States Department of Labor’s Prohibited Transaction Exemption

("PTE") 95-60) in respect of which the reserves and liabilities (as defined by the annual statement for life insurance companies approved by the National Association of Insurance Commissioners (the "NAIC Annual Statement") for the general account contract(s) held by or on behalf of any employee benefit plan together with the amount of the reserves and liabilities for the general account contract(s) held by or on behalf of any other employee benefit plans maintained by the same employer (or affiliate thereof as defined in PTE 95-60) or by the same employee organization in the general account do not exceed 10% of the total reserves and liabilities of the general account (exclusive of separate account liabilities) plus surplus as set forth in the NAIC Annual Statement filed with such Purchaser's state of domicile; or

(b) the Source is a separate account that is maintained solely in connection with such Purchaser's fixed contractual obligations under which the amounts payable, or credited, to any employee benefit plan (or its related trust) that has any interest in such separate account (or to any participant or beneficiary of such plan (including any annuitant)) are not affected in any manner by the investment performance of the separate account; or

(c) the Source is either (i) an insurance company pooled separate account, within the meaning of PTE 90-1, or (ii) a bank collective investment fund, within the meaning of PTE 91-38 and, except as you have disclosed to the Company in writing pursuant to this clause (c), no employee benefit plan or group of plans maintained by the same employer or employee organization beneficially owns more than 10% of all assets allocated to such pooled separate account or collective investment fund; or

(d) the Source constitutes assets of an "investment fund" (within the meaning of Part VI of PTE 84-14 (the "QPAM Exemption")) managed by a "qualified professional asset manager" or "QPAM" (within the meaning of Part VI of the QPAM Exemption), no employee benefit plan's assets that are managed by the QPAM in such investment fund, when combined with the assets of all other employee benefit plans established or maintained by the same employer or by an affiliate (within the meaning of Part VI(c)(1) of the QPAM Exemption) of such employer or by the same employee organization and managed by such QPAM, represent more than 20% of the total client assets managed by such QPAM, the conditions of Part I(c) and (g) of the QPAM Exemption are satisfied, neither the QPAM nor a person controlling or controlled by the QPAM maintains an ownership interest in the Company that would cause the QPAM and the Company to be "related" within the meaning of Part VI(h) of the QPAM Exemption and (i) the identity of such QPAM and (ii) the names of any employee benefit plans whose assets in the investment fund, when combined with the assets of all other employee benefit plans established or maintained by the same employer or by an affiliate (within the meaning of Part VI(c)(1) of the QPAM Exemption) of such employer or by the same employee organization, represent 10% or more of the assets of such investment fund, have been disclosed to the Company in writing pursuant to this clause (d); or

(e) the Source constitutes assets of a “plan(s)” (within the meaning of Part IV(h) of PTE 96-23 (the “INHAM Exemption”) managed by an “in-house asset manager” or “INHAM” (within the meaning of Part IV(a) of the INHAM Exemption), the conditions of Part I(a), (g) and (h) of the INHAM Exemption are satisfied, neither the INHAM nor a person controlling or controlled by the INHAM (applying the definition of “control” in Part IV(d)(3) of the INHAM Exemption) owns a 5% or more interest in the Company and (i) the identity of such INHAM and (ii) the name(s) of the employee benefit plan(s) whose assets constitute the Source have been disclosed to the Company in writing pursuant to this clause (e); or

(f) the Source is a governmental plan; or

(g) the Source is one or more employee benefit plans, or a separate account or trust fund comprised of one or more employee benefit plans, each of which has been identified to the Company in writing pursuant to this clause (g); or

(h) the Source does not include assets of any employee benefit plan, other than a plan exempt from the coverage of ERISA.

As used in this Section 6.2, the terms “employee benefit plan”, “governmental plan” and “separate account” shall have the respective meanings assigned to such terms in section 3 of ERISA.

7. INFORMATION AS TO COMPANY.

7.1. Financial and Business Information

The Company will deliver to each holder of Notes that is an Institutional Investor:

(a) Quarterly Statements -- within 60 days after the end of each quarterly fiscal period in each fiscal year of the Company (other than the last quarterly fiscal period of each such fiscal year), duplicate copies of,

(i) a consolidated balance sheet of the Company and its Subsidiaries as at the end of such quarter,

(ii) consolidated statements of income of the Company and its Subsidiaries for such quarter and (in the case of the second and third quarters) for the portion of the fiscal year ending with such quarter, and

(iii) consolidated statements of cash flows of the Company and its Subsidiaries for such quarter or (in the case of the second and third quarters) for the portion of the fiscal year ending with such quarter,

setting forth in each case in comparative form the figures for the corresponding periods in the previous fiscal year, all in reasonable detail, prepared in accordance with GAAP applicable to quarterly financial statements generally, and certified by a Senior Financial Officer as fairly

presenting, in all material respects, the financial position of the companies being reported on and their results of operations and cash flows, subject to changes resulting from year-end adjustments, provided that delivery within the time period specified above of copies of the Company's Quarterly Report on Form 10-Q prepared in compliance with the requirements therefor and filed with the Securities and Exchange Commission shall be deemed to satisfy the requirements of this Section 7.1(a);

(b) Annual Statements -- within 120 days after the end of each fiscal year of the Company, duplicate copies of,

(i) a consolidated balance sheet of the Company and its Subsidiaries, as at the end of such year, and

(ii) consolidated statements of income, changes in shareholders' equity and cash flows of the Company and its Subsidiaries, for such year,

setting forth in each case in comparative form the figures for the previous fiscal year, all in reasonable detail, prepared in accordance with GAAP, and reported on by an opinion of independent certified public accountants of recognized national standing, which opinion shall state that such financial statements present fairly, in all material respects, the financial position of the Company and its consolidated Subsidiaries being reported upon and their results of operations and cash flows and have been prepared in conformity with GAAP, and that the examination of such accountants in connection with such financial statements has been made in accordance with generally accepted auditing standards, and that such audit provides a reasonable basis for such opinion in the circumstances, provided that the delivery within the time period specified above of the Company's Annual Report on Form 10-K for such fiscal year (together with the Company's annual report to shareholders, if any, prepared pursuant to Rule 14a-3 under the Exchange Act) prepared in accordance with the requirements therefor and filed with the Securities and Exchange Commission shall be deemed to satisfy the requirements of this Section 7.1(b);

(c) SEC and Other Reports -- promptly upon their becoming available, one copy of (i) each financial statement, report, notice or proxy statement sent by any Obligor or any other Subsidiary to public securities holders generally, and (ii) each regular or periodic report, registration statement other than registration statements on Form S-8 (without exhibits except as expressly requested by such holder), or other material filed by any Obligor or any other Subsidiary with the Securities and Exchange Commission;

(d) Notice of Default or Event of Default -- promptly, and in any event within five Business Days after a Responsible Officer becoming aware of the existence of any Default or Event of Default, a written notice specifying the nature and period of existence thereof and what action the Obligors are taking or propose to take with respect thereto;

(e) ERISA Matters -- promptly, and in any event within five Business Days after a Responsible Officer becoming aware of any of the following, a written notice

setting forth the nature thereof and the action, if any, that the Company or an ERISA Affiliate proposes to take with respect thereto:

(i) with respect to any Plan, any reportable event, as defined in section 4043(c) of ERISA and the regulations thereunder, for which notice thereof has not been waived pursuant to such regulations as in effect on the date hereof; or

(ii) the taking by the PBGC of steps to institute, or the threatening by the PBGC of the institution of, proceedings under section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Plan, or the receipt by the Company or any ERISA Affiliate of a notice from a Multiemployer Plan that such action has been taken by the PBGC with respect to such Multiemployer Plan; or

(iii) any event, transaction or condition that could result in the incurrence of any liability by the Company or any ERISA Affiliate pursuant to Title I or IV of ERISA or the penalty or excise tax provisions of the Code relating to employee benefit plans, or in the imposition of any Lien on any of the rights, properties or assets of the Company or any ERISA Affiliate pursuant to Title I or IV of ERISA or such penalty or excise tax provisions, if such liability or Lien, taken together with any other such liabilities or Liens then existing, could reasonably be expected to have a Material Adverse Effect;

(f) Notices from Governmental Authority -- promptly, and in any event within 30 days of receipt thereof, copies of any notice to any Obligor or any other Domestic Subsidiary from any Federal or state Governmental Authority relating to any order, ruling, statute or other law or regulation that could reasonably be expected to have a Material Adverse Effect; and

(g) Requested Information -- with reasonable promptness, such other data and information relating to the business, operations, affairs, financial condition, assets or properties of any Obligor or any other Subsidiary (including actual copies of the Company's Forms 10-Q and Forms 10-K) or relating to the ability of any Obligor to perform its obligations hereunder and under the Notes or the ability of a Subsidiary Guarantor to perform its obligations under the Subsidiary Guaranty as from time to time may be reasonably requested by any such holder of Notes.

7.2. Officer's Certificate.

Each set of financial statements delivered to a holder of Notes pursuant to Section 7.1(a) or (b) shall be accompanied by a certificate of a Senior Financial Officer setting forth:

(a) Covenant Compliance -- the information (including detailed calculations and a reconciliation to the financial statements from which derived if the accounting

methods applicable to such financial statements differ from the methods of determining compliance with Section 10.1 through Section 10.5 and Section 10.7) required in order to establish whether the Company was in compliance with the requirements of Section 10.1 through Section 10.9, inclusive, during the quarterly or annual period covered by the statements then being furnished (including with respect to each such Section, where applicable, the calculations of the maximum or minimum amount, ratio or percentage, as the case may be, permissible under the terms of such Sections, and the calculation of the amount, ratio or percentage then in existence); and

(b) Event of Default -- a statement that such officer has reviewed the relevant terms hereof and has made, or caused to be made, under his or her supervision, a review of the transactions and conditions of the Company and its Subsidiaries from the beginning of the quarterly or annual period covered by the statements then being furnished to the date of the certificate and that such review shall not have disclosed the existence during such period of any condition or event that constitutes a Default or an Event of Default or, if any such condition or event existed or exists (including any such event or condition resulting from the failure of any Obligor or any other Subsidiary to comply with any Environmental Law), specifying the nature and period of existence thereof and what action the Company shall have taken or proposes to take with respect thereto.

7.3. Electronic Delivery.

Financial statements and officers' certificates required to be delivered by the Company pursuant to Sections 7.1(a), (b) or (c) and Section 7.2 shall be deemed to have been delivered if (i) delivered by e-mail, or (ii) the Company shall have timely filed such Form 10-Q or Form 10-K, satisfying the requirements of Section 7.1(a) or (b) as the case may be, with the Securities and Exchange Commission on "EDGAR" and shall have made such Form and the related certificate satisfying the requirements of Section 7.2 available on its home page on the worldwide web (at the date of this Agreement located at <http://www.pattersoncompanies.com>), or (iii) such financial statements satisfying the requirements of Section 7.1(a) or (b) and related certificate satisfying the requirements of Section 7.2 are timely posted by or on behalf of the Company on IntraLinks or on any other similar website to which each holder of Notes has free access, or (iv) the Company shall have filed any of the items referred to in Section 7.1 with the Securities and Exchange Commission on "EDGAR" and shall have made the related certificate required by Section 7.2 available on its home page on the worldwide web or posted by or on behalf of the Company on IntraLinks or on any other similar website to which each holder of Notes has free access; provided however, that in the case of any of clause (i), (ii), (iii) or (iv) the Company shall concurrently with such filing or posting give notice to each holder of Notes of such posting or filing and provided further, that upon request of any holder, the Company will thereafter deliver written copies of such forms, financial statements and certificates to such holder.

7.4. Inspection.

The Company will permit the representatives of each holder of Notes that is an Institutional Investor:

(a) No Default -- if no Default or Event of Default then exists, at the expense of such holder and upon reasonable prior notice to the Company, to visit the principal executive office of the Company, to discuss the affairs, finances and accounts of the Company and its Subsidiaries with the Company's officers, and (with the consent of the Company, which consent will not be unreasonably withheld) to visit the other offices and properties of the Company and each Subsidiary, all at reasonable times as reasonably requested in writing; and

(b) Default -- if a Default or Event of Default then exists, at the expense of the Company, to visit and inspect any of the offices or properties of the Company or any Subsidiary, to examine all their respective books of account, records, reports and other papers, to make copies and extracts therefrom, and to discuss their respective affairs, finances, and accounts with their respective officers and independent public accountants (and by this provision the Company authorizes said accountants to discuss the affairs, finances and accounts of the Company and its Subsidiaries), all at such times and as often as may be reasonably requested.

8. PREPAYMENT OF THE NOTES.

8.1. No Scheduled Prepayments.

No regularly scheduled prepayments are due on the Notes prior to their stated maturity.

8.2. Optional Prepayments.

(a) Optional Prepayments with Make-Whole Amount. The Obligors may, by giving written notice not less than 30 days and not more than 60 days before the prepayment date designated in such notice (the "Optional Prepayment Notice") to each holder of the Notes, prepay at any time all, or from time to time any part of, the Notes, in an amount not less than \$1,000,000 in the aggregate in the case of a partial prepayment, at 100% of the principal amount so prepaid, plus the Make-Whole Amount determined for the prepayment date with respect to such principal amount. In addition to specifying the prepayment date, the Optional Prepayment Notice shall specify the aggregate principal amount of the Notes to be prepaid on such date, the principal amount of each Note held by such holder to be prepaid (determined in accordance with Section 8.4), and the interest to be paid on the prepayment date with respect to such principal amount being prepaid. Along with the Optional Prepayment Notice, the Obligors shall deliver a certificate of a Senior Financial Officer as to the estimated MakeWhole Amount due in connection with such prepayment (calculated as if the date of such notice were the date of the prepayment), setting forth the details of such computation. Two Business Days prior to such prepayment, the Company shall deliver to each holder of the Notes a certificate of

a Senior Financial Officer specifying the calculation of such Make-Whole Amount as of the specified prepayment date.

(b) Optional Prepayments without Make-Whole Amount. Notwithstanding Section 8.2(a) above, the Obligors may, at their option, upon notice as provided in this Section 8.2(b), prepay the Notes at any time during the three month period immediately preceding the maturity date of the Notes at 100% of the principal amount of all Notes then outstanding, provided that no Default or Event of Default shall have occurred or be continuing at such time. The Obligors will give each holder of Notes written notice of an optional prepayment under this Section 8.2(b) not less than ten days and not more than 60 days prior to the date fixed for such prepayment (unless the Obligors and the Required Holders agree to another time period pursuant to Section 17.1). Such notice shall specify such date (which shall be a Business Day), the aggregate principal amount of the Notes to be prepaid on such date, the principal amount of each Note held by such holder to be prepaid, and the interest to be paid on the prepayment date with respect to such principal amount being prepaid.

(c) Offer to Prepay at Par Upon Certain Sales of Assets.

(i) Notice and Offer. In the event of any Debt Prepayment Application under Section 10.7 of this Agreement, the Obligors will, within 10 days of the occurrence of the Transfer (a “Debt Prepayment Transfer”) in respect of which an offer to prepay the Notes (the “Prepayment Offer”) is being made to comply with the requirements for a Debt Prepayment Application (as set forth in the definition thereof), give notice of such Debt Prepayment Transfer to each holder of Notes (a “Debt Prepayment Notice”). A Debt Prepayment Notice shall contain, and shall constitute, an irrevocable offer to prepay, at the election of each holder, a portion of the Notes held by such holder equal to such holder’s Ratable Portion of the Net Proceeds Amount in respect of such Debt Prepayment Transfer on a date specified in such notice (the “Transfer Prepayment Date”) that is not less than 30 days and not more than 60 days after the date of such notice.

(ii) Acceptance and Payment. To accept such Prepayment Offer, a holder of Notes shall cause a notice of such acceptance to be delivered to the Company not later than 10 days prior to the Transfer Prepayment Date. Failure to accept such offer in writing not later than 10 days prior to the Transfer Prepayment Date shall be deemed to be rejection of the Prepayment Offer. If so accepted by any holder of a Note, such Prepayment Offer equal to not less than such holder’s Ratable Portion of the Net Proceeds Amount in respect of such Debt Prepayment Transfer, together with any additional amount offered to and accepted by such holder pursuant to the following sentence shall be due and payable on the Transfer Prepayment Date. If any holder of Notes fails to accept such Prepayment Offer, such holder’s Ratable Portion of the Net Proceeds Amount shall be offered pro rata to each holder of Notes that has accepted such Prepayment Offer. A Prepayment Offer pursuant to this Section 8.2(c) shall be made at 100% of the

principal amount being so prepaid, together with interest on such principal amount then being prepaid accrued to the Transfer Prepayment Date.

(iii) Officer's Certificate. Each offer to prepay the Notes pursuant to this Section 8.2(c) shall be accompanied by a certificate, executed by a Senior Financial Officer and dated the date of such offer, specifying:

(A) the Transfer Prepayment Date and the Net Proceeds Amount in respect of the applicable Debt Prepayment Transfer;

(B) that such offer is being made pursuant to Section 8.2(c) and Section 10.7 of this Agreement;

(C) the principal amount of each Note offered to be prepaid;

(D) the interest that would be due on each such Note offered to be prepaid, accrued to the date fixed for payment; and

(E) in reasonable detail, the nature of the Transfer giving rise to such Debt Prepayment Transfer.

(d) Notice Concerning Status of Holders of Notes. Within 30 days after each prepayment date under Section 8.2(a) or 8.2(b) or Transfer Prepayment Date under Section 8.2(c) and the making of all prepayments contemplated thereunder, the Company will deliver to each holder of Notes a certificate signed by a Senior Financial Officer containing a list of the then-current holders of Notes and their addresses and the outstanding principal amount of Notes held by each holder at such time.

8.3. Mandatory Offer to Prepay Upon Change of Control.

(a) Notice of Change of Control or Control Event -- The Company will, within five Business Days after any Responsible Officer has knowledge of the occurrence of any Change of Control or Control Event, give notice of such Change of Control or Control Event to each holder of Notes unless notice in respect of such Change of Control (or the Change of Control contemplated by such Control Event) shall have been given pursuant to paragraph (b) of this Section 8.3. If a Change of Control has occurred, such notice shall contain and constitute an offer to prepay Notes as described in paragraph (c) of this Section 8.3 and shall be accompanied by the certificate described in paragraph (g) of this Section 8.3 (a "Change of Control Prepayment Certificate").

(b) Condition to Company Action -- The Company will not take any action that consummates or finalizes a Change of Control unless (i) at least 15 Business Days prior to such action it shall have given to each holder of Notes written notice containing and constituting an offer to prepay Notes accompanied by a Change of Control Prepayment Certificate, and (ii) subject to the provisions of paragraphs (d) and (f) below,

contemporaneously with such action, it prepays all Notes required to be prepaid in accordance with this Section 8.3.

(c) Offer to Prepay Notes -- The offer to prepay Notes contemplated by paragraphs (a) and (b) of this Section 8.3 shall be an offer to prepay, in accordance with and subject to this Section 8.3, all, but not less than all, of the Notes held by each holder (in this case only, "holder" in respect of any Note registered in the name of a nominee for a disclosed beneficial owner shall mean such beneficial owner) on a date specified in such offer (the "Proposed Prepayment Date"), which shall be not less than 30 days and not more than 60 days after the date of such offer.

(d) Acceptance; Rejection -- A holder of Notes may accept the offer to prepay made pursuant to this Section 8.3 by causing a notice of such acceptance to be delivered to the Company on or before the date specified in the Change of Control Prepayment Certificate. A failure by a holder of Notes to respond to an offer to prepay made pursuant to this Section 8.3, or to accept an offer as to all of the Notes held by the holder, within such time period shall be deemed to constitute rejection of such offer by such holder.

(e) Prepayment -- Prepayment of the Notes to be prepaid pursuant to this Section 8.3 shall be at 100% of the outstanding principal amount of such Notes, together with interest on such Notes accrued to the date of prepayment and shall not require the payment of any Make-Whole Amount or prepayment premium. The prepayment shall be made on the Proposed Prepayment Date except as provided in paragraph (f) of this Section 8.3.

(f) Deferral Pending Change of Control -- The obligation of the Company to prepay Notes pursuant to the offers required by paragraphs (a) and (b) and accepted in accordance with paragraph (d) of this Section 8.3 is subject to the occurrence of the Change of Control in respect of which such offers and acceptances shall have been made. If such Change of Control does not occur on or prior to the Proposed Prepayment Date in respect thereof, the prepayment shall be deferred if and until the date on which such Change of Control occurs. The Company shall keep each holder of Notes reasonably and timely informed of (i) any such deferral of the date of prepayment, (ii) the date on which such Change of Control and the prepayment are expected to occur, and (iii) any determination by the Company that efforts to effect such Change of Control have ceased or been abandoned (in which case the offers and acceptances made pursuant to this Section 8.3 in respect of such Change of Control shall be deemed rescinded). Notwithstanding the foregoing, in the event that the prepayment has not been made within 90 days after such Proposed Prepayment Date by virtue of the deferral provided for in this Section 8.3(f), the Company shall make a new offer to prepay in accordance with paragraph (c) of this Section 8.3.

(g) Officer's Certificate -- Each offer to prepay the Notes pursuant to this Section 8.3 shall be accompanied by a Change of Control Prepayment Certificate, executed by a Senior Financial Officer of the Company and dated the date of such offer, specifying: (i) the Proposed Prepayment Date, (ii) that such offer is made pursuant to this

Section 8.3, (iii) the principal amount of each Note offered to be prepaid, (iv) the interest that would be due on each Note offered to be prepaid, accrued to the Proposed Prepayment Date, (v) that the conditions of this Section 8.3 have been fulfilled, (vi) in reasonable detail, the nature and date or proposed date of the Change of Control and (vii) the date by which any holder of a Note that wishes to accept such offer must deliver notice thereof to the Company, which date shall not be earlier than three Business Days prior to the Proposed Prepayment Date or, in the case of a prepayment pursuant to Section 8.3(b), the date of the action referred to in Section 8.3(b)(i).

8.4. Allocation of Partial Prepayments.

In the case of each partial prepayment of Notes pursuant to Section 8.2(a), the principal amount of the Notes to be prepaid shall be allocated among all of the Notes at the time outstanding in proportion, as nearly as practicable, to the respective unpaid principal amounts thereof not theretofore called for prepayment.

8.5. Maturity; Surrender, etc.

In the case of each prepayment of Notes pursuant to this Section 8, the principal amount of each Note to be prepaid shall mature and become due and payable on the date fixed for such prepayment, together with interest on such principal amount accrued to such date and the applicable Make-Whole Amount, if any. From and after such date, unless the Obligors shall fail to pay such principal amount when so due and payable, together with the interest and Make-Whole Amount, if any, as aforesaid, interest on such principal amount shall cease to accrue. Any Note paid or prepaid in full shall be surrendered to the Company and canceled and shall not be reissued, and no Note shall be issued in lieu of any prepaid principal amount of any Note.

8.6. Purchase of Notes.

The Obligors will not and will not permit any Controlled Entity to purchase, redeem, prepay or otherwise acquire, directly or indirectly, any of the outstanding Notes except (a) upon the payment or prepayment of the Notes in accordance with the terms of this Agreement and the Notes or (b) pursuant to an offer to purchase made by the Obligors or a Controlled Entity pro rata to the holders of any Notes at the time outstanding upon the same terms and conditions. Any such offer shall provide each holder with sufficient information reasonably determined by the Obligors to enable the holder to make an informed decision with respect to such offer, and shall remain open for at least 10 Business Days. If the holders of more than 25% of the principal amount of the thenoutstanding Notes accept such offer, the Company shall promptly notify the remaining holders of such fact and the expiration date for the acceptance by holders of such Notes of such offer shall be extended by the number of days necessary to give each such remaining holder at least 10 Business Days from its receipt of such notice to accept such offer. The Company will promptly cancel all Notes acquired by any Obligor or any Controlled Entity pursuant to any payment, prepayment or purchase of Notes pursuant to any provision of this Agreement and no Notes may be issued in substitution or exchange for any such Notes.

8.7. Make-Whole Amount.

The term “**Make-Whole Amount**” means, with respect to any Note, an amount equal to the excess, if any, of the Discounted Value of the Remaining Scheduled Payments with respect to the Called Principal of such Note over the amount of such Called Principal, provided that the Make-Whole Amount may in no event be less than zero. For the purposes of determining the Make-Whole Amount, the following terms have the following meanings:

“**Called Principal**” means, with respect to any Note, the principal of such Note that is to be prepaid pursuant to Section 8.2(a) or has become or is declared to be immediately due and payable pursuant to Section 12.1, as the context requires.

“**Discounted Value**” means, with respect to the Called Principal of any Note, the amount obtained by discounting all Remaining Scheduled Payments with respect to such Called Principal from their respective scheduled due dates to the Settlement Date with respect to such Called Principal, in accordance with accepted financial practice and at a discount factor (applied on the same periodic basis as that on which interest on the Notes is payable) equal to the Reinvestment Yield with respect to such Called Principal.

“**Reinvestment Yield**” means, with respect to the Called Principal of any Note, 0.50% over the yield to maturity implied by the yield(s) reported as of 10:00 a.m. (New York City time) on the second Business Day preceding the Settlement Date with respect to such Called Principal, on the display designated as “Page PX1” (or such other display as may replace Page PX1) on Bloomberg Financial Markets for the most recently issued actively traded on-the-run U.S. Treasury securities (“Reported”) having a maturity equal to the Remaining Average Life of such Called Principal as of such Settlement Date. If there are no such U.S. Treasury securities Reported having a maturity equal to such Remaining Average Life, then such implied yield to maturity will be determined by (a) converting U.S. Treasury bill quotations to bond equivalent yields in accordance with accepted financial practice and (b) interpolating linearly between the yields Reported for the applicable most recently issued actively traded on-the-run U.S. Treasury securities with the maturities (1) closest to and greater than such Remaining Average Life and (2) closest to and less than such Remaining Average Life. The Reinvestment Yield shall be rounded to the number of decimal places as appears in the interest rate of the applicable Note.

If such yields are not Reported or the yields Reported as of such time are not ascertainable (including by way of interpolation), then “Reinvestment Yield” means, with respect to the Called Principal of any Note, 0.50% over the yield to maturity implied by the U.S. Treasury constant maturity yields reported, for the latest day for which such yields have been so reported as of the second Business Day preceding the Settlement Date with respect to such Called Principal, in Federal Reserve Statistical Release H.15 (or any comparable successor publication) for the U.S. Treasury constant maturity having a term equal to the Remaining Average Life of such Called Principal as of such Settlement Date. If there is no such U.S. Treasury constant maturity having a term equal to such

Remaining Average Life, such implied yield to maturity will be determined by interpolating linearly between (1) the U.S. Treasury constant maturity so reported with the term closest to and greater than such Remaining Average Life and (2) the U.S. Treasury constant maturity so reported with the term closest to and less than such Remaining Average Life. The Reinvestment Yield shall be rounded to the number of decimal places as appears in the interest rate of the applicable Note.

“**Remaining Average Life**” means, with respect to any Called Principal, the number of years obtained by dividing (i) such Called Principal into (ii) the sum of the products obtained by multiplying (a) the principal component of each Remaining Scheduled Payment with respect to such Called Principal by (b) the number of years, computed on the basis of a 360-day year composed of twelve 30-day months, that will elapse between the Settlement Date with respect to such Called Principal and the scheduled due date of such Remaining Scheduled Payment.

“**Remaining Scheduled Payments**” means, with respect to the Called Principal of any Note, all payments of such Called Principal and interest thereon that would be due after the Settlement Date with respect to such Called Principal if no payment of such Called Principal were made prior to its scheduled due date, provided that if such Settlement Date is not a date on which interest payments are due to be made under the terms of the Notes, then the amount of the next succeeding scheduled interest payment will be reduced by the amount of interest accrued to such Settlement Date and required to be paid on such Settlement Date pursuant to Section 8.2(a) or 12.1.

“**Settlement Date**” means, with respect to the Called Principal of any Note, the date on which such Called Principal is to be prepaid pursuant to Section 8.2(a) or has become or is declared to be immediately due and payable pursuant to Section 12.1, as the context requires.

9. AFFIRMATIVE COVENANTS.

The Obligors, jointly and severally, covenant that so long as any of the Notes are outstanding:

9.1. Compliance with Law.

The Obligors will, and will cause each other Subsidiary to, comply with all laws, ordinances or governmental rules or regulations to which each of them is subject, including, without limitation, Environmental Laws, the USA PATRIOT Act and the other laws and regulations that are referred to in Section 5.16, and will obtain and maintain in effect all licenses, certificates, permits, franchises and other governmental authorizations necessary to the ownership of their respective properties or to the conduct of their respective businesses, in each case to the extent necessary to ensure that non-compliance with such laws, ordinances or governmental rules or regulations or failures to obtain or maintain in effect such licenses, certificates, permits, franchises and other governmental authorizations could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

9.2. Insurance.

The Obligors will, and will cause each other Subsidiary to, maintain, with financially sound and reputable insurers, insurance with respect to their respective properties and businesses against such casualties and contingencies, of such types, on such terms and in such amounts (including deductibles, co-insurance and self-insurance, if adequate reserves are maintained with respect thereto) as is customary in the case of entities of established reputations engaged in the same or a similar business and similarly situated.

9.3. Maintenance of Properties.

The Obligors will, and will cause each other Subsidiary to, maintain and keep, or cause to be maintained and kept, their respective properties in good repair, working order and condition (other than ordinary wear and tear), so that the business carried on in connection therewith may be properly conducted at all times, provided that this Section shall not prevent any Obligor or any other Subsidiary from discontinuing the operation and the maintenance of any of its properties if such discontinuance is desirable in the conduct of its business and the Company has concluded that such discontinuance could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

9.4. Payment of Taxes and Claims.

The Obligors will, and will cause each other Subsidiary to, file all income tax or similar tax returns required to be filed in any jurisdiction and to pay and discharge all taxes shown to be due and payable on such returns and all other taxes, assessments, governmental charges, or levies imposed on them or any of their properties, assets, income or franchises, to the extent such taxes and assessments have become due and payable and before they have become delinquent and all claims for which sums have become due and payable that have or might become a Lien on properties or assets of any Obligor or any other Subsidiary, provided that neither any Obligor nor any other Subsidiary need pay any such tax or assessment or claims if (i) the amount, applicability or validity thereof is contested by such Obligor or such Subsidiary on a timely basis in good faith and in appropriate proceedings, and an Obligor or another Material Domestic Subsidiary has established adequate reserves therefor in accordance with GAAP on its books or (ii) the nonpayment of all such taxes and assessments in the aggregate could not reasonably be expected to have a Material Adverse Effect.

9.5. Corporate Existence, etc.

Subject to Sections 10.6 and 10.7, each Obligor will at all times preserve and keep in full force and effect its corporate existence. Subject to Sections 10.6 and 10.7, the Company will at all times preserve and keep in full force and effect the corporate existence of each of its Subsidiaries (unless merged into the Company or a Subsidiary) and all rights and franchises of the Company and its Subsidiaries unless, in the good faith judgment of the Company, the termination of or failure to preserve and keep in full force and effect such corporate existence, right or franchise could not, individually or in the aggregate, have a Material Adverse Effect.

9.6. Ranking of Notes.

The Notes and the Obligors' obligations under this Agreement will rank at least pari passu with all of the Obligors' outstanding unsecured Senior Debt.

9.7. Subsidiary Guaranty.

(a) Subsidiary Guarantors. The Obligors will not permit any other Domestic Subsidiary to become a borrower under, or to directly or indirectly guarantee any obligations of any Obligor under, any Loan Agreement unless the Obligors cause such Domestic Subsidiary to concurrently execute and deliver a Joinder to Subsidiary Guaranty to each holder of Notes and:

(i) copies of such directors' or other authorizing resolutions, charter, bylaws and other constitutive documents of such Domestic Subsidiary as the Required Holders may reasonably request; and

(ii) an opinion of counsel covering the authorization, execution, delivery, compliance with law, no conflict with other documents, no consents and enforceability of the Subsidiary Guaranty against such Domestic Subsidiary.

(b) Additional Subsidiary Guarantors. If at any time the Consolidated Adjusted Net Income for the four consecutive fiscal quarters most recently ended of all of the Company's Domestic Subsidiaries that are not Obligors or Subsidiary Guarantors exceeds 20% of the Company's Consolidated Adjusted Net Income for such period, the Company will, within 30 days after its senior management becomes aware of such event (or should have become aware), cause additional Domestic Subsidiaries to execute and deliver a Joinder to the Subsidiary Guaranty so that, after giving effect thereto, the threshold level above is not exceeded and shall deliver to each holder of Notes the documents listed in Section 9.7(a)(i) and (ii).

9.8. Books and Records.

The Company will, and will cause each of its Subsidiaries to, maintain proper books of record and account in conformity with GAAP and all applicable requirements of any Governmental Authority having legal or regulatory jurisdiction over the Company or such Subsidiary, as the case may be.

10. NEGATIVE COVENANTS.

The Obligors, jointly and severally, covenant that so long as any of the Notes are outstanding:

10.1. Debt to Adjusted EBITDA Ratio.

The Company will not permit the Debt to Adjusted EBITDA Ratio, as of the end of any fiscal quarter, to be greater than 3.50 to 1.00; provided that, upon notice by the Obligors

to the holders of Notes, as of the last day of the fiscal quarter in which a Qualified Acquisition is consummated and the last day of each of the four consecutive fiscal quarters ending immediately after such initial fiscal quarter in which such Qualified Acquisition was consummated, such ratio may be greater than 3.50 to 1.00, but in no event greater than 4.00 to 1.00 (any such period, a “Temporary Increase Period”); provided further, that no Temporary Increase Period shall be available during the two (2) consecutive fiscal quarters occurring immediately after any Temporary Increase Period shall have concluded. If the Debt to Adjusted EBITDA Ratio exceeds 3.50 to 1.00 as permitted pursuant to the first proviso in the foregoing sentence, the Company shall pay the additional interest provided for in Section 1.2.

10.2. Interest Coverage.

The Company will not permit the ratio of Consolidated Adjusted EBITDA to Consolidated Interest Expense (in each case for the Company’s then most recently completed four fiscal quarters) to be less than 2.50 to 1.00 at any time.

10.3. Priority Debt.

The Company will not permit Priority Debt to exceed 15% of Consolidated Total Assets (as of the end of the Company’s then most recently completed fiscal quarter) at any time.

10.4. Liens.

The Company will not, and will not permit any Subsidiary to, permit to exist, create, assume or incur, directly or indirectly, any Lien on its properties or assets, whether now owned or hereafter acquired, except:

(a) Liens for taxes, assessments or governmental charges not then due and delinquent or the nonpayment of which is permitted by Section 9.4;

(b) any attachment or judgment Lien, unless the judgment it secures has not, within 60 days after the entry thereof, been discharged or execution thereof stayed pending appeal, or has not been discharged within 60 days after the expiration of any such stay;

(c) Liens incidental to the conduct of business or the ownership of properties and assets (including landlords’, lessors’, carriers’, warehousemen’s, mechanics’, materialmen’s and other similar Liens) and Liens to secure the performance of bids, tenders, leases or trade contracts, or to secure statutory obligations (including obligations under workers compensation, unemployment insurance and other social security legislation), surety or appeal bonds or other Liens of like general nature incurred in the ordinary course of business and not in connection with the borrowing of money;

(d) encumbrances in the nature of leases, subleases, zoning restrictions, easements, rights of way, minor survey exceptions and other rights and restrictions of record on the use of real property and defects in title arising or incurred in the ordinary

course of business, which, individually and in the aggregate, do not materially impair the use of the property or assets subject thereto by the Company or such Subsidiary in their business or which relate only to assets that in the aggregate are not Material;

(e) Liens securing Debt existing on property or assets of the Company or any Subsidiary as of the date of this Agreement that are described in Schedule 10.4;

(f) Liens (i) existing on property at the time of its acquisition by the Company or a Subsidiary and not created in contemplation thereof, whether or not the Debt secured by such Lien is assumed by the Company or a Subsidiary; or (ii) on property (including Capital Leases) created contemporaneously with its acquisition or within 180 days of the acquisition or completion of construction or improvements thereof to secure or provide for all or a portion of the acquisition price or cost of construction or improvements of such property after the date of Closing; or (iii) existing on property of a Person at the time such Person is merged or consolidated with, or becomes a Subsidiary of, or substantially all of its assets are acquired by, the Company or a Subsidiary and not created in contemplation thereof; provided that such Liens do not extend to additional property of the Company or any Subsidiary (other than property that is an improvement to or is acquired for specific use in connection with the subject property) and that the aggregate principal amount of Debt secured by each such Lien does not exceed the lesser of cost of acquisition or construction or the fair market value (determined in good faith by one or more officers of the Company to whom authority to enter into the transaction has been delegated by the board of directors of the Company) of the property subject thereto;

(g) Liens resulting from extensions, renewals or replacements of Liens permitted by paragraphs (e) and (f), provided that (i) there is no increase in the principal amount or decrease in maturity of the Debt secured thereby at the time of such extension, renewal or replacement, (ii) any new Lien attaches only to the same property theretofore subject to such earlier Lien and (iii) immediately after such extension, renewal or replacement no Default or Event of Default would exist;

(h) Liens securing Debt of a Subsidiary owed to the Company or to a Wholly Owned Subsidiary;

(i) Liens arising in connection with a Contract Purchase Facility or a Permitted Receivables Securitization Transaction on the assets transferred in connection therewith, including proceeds and cash;

(j) Liens on the properties or assets of any Foreign Subsidiary, whether now or hereafter acquired, securing Debt that is non-recourse to the Company or any Domestic Subsidiary; provided that the aggregate principal amount of Debt secured by all such Liens does not exceed \$5,000,000 at any time;

(k) Liens securing Debt not otherwise permitted by paragraphs (a) through (j) above, provided that Priority Debt does not exceed 15% of Consolidated Total Assets (as of the end of the Company's then most recently completed fiscal quarter) at any time;

provided, further, that notwithstanding the foregoing, the Company will not, and will not permit any of its Subsidiaries to, secure any Debt outstanding under or pursuant to the Credit Agreement pursuant to this Section 10.4(k) unless and until the Notes (and any guaranty delivered in connection therewith) shall be concurrently secured equally and ratably with such Debt pursuant to documentation reasonably acceptable to the Required Holders in substance and in form.

10.5. Subsidiary Debt.

The Company will not at any time permit any Subsidiary (other than an Obligor), directly or indirectly, to create, incur, assume, guarantee, have outstanding, or otherwise become or remain directly or indirectly liable for, any Debt other than:

(a) Debt outstanding on the date hereof that is described on Schedule 10.5, and any replacement, renewal, refinancing or extension of any such Debt that (i) does not exceed the aggregate principal amount (plus accrued interest and any applicable premium and associated fees and expenses) of the Debt being replaced, renewed, refinanced or extended, (ii) does not have a Weighted Average Life to Maturity at the time of such replacement, renewal, refinancing or extension that is less than the Weighted Average Life to Maturity of the Debt being replaced, renewed, refinanced or extended and (iii) does not rank at the time of such replacement, renewal, refinancing or extension senior to the Debt being replaced, renewed, refinanced or extended;

(b) Debt owed to the Company or a Wholly Owned Subsidiary;

(c) Debt of any Subsidiary Guarantor;

(d) Debt of a Subsidiary outstanding at the time of its acquisition by the Company, provided that (i) such Debt was not incurred in contemplation of becoming a Subsidiary, and (ii) at the time of such acquisition and after giving effect thereto, no Default or Event of Default exists or would exist, and any replacement, renewal, refinancing or extension of any such Debt that (i) does not exceed the aggregate principal amount (plus accrued interest and any applicable premium and associated fees and expenses) of the Debt being replaced, renewed, refinanced or extended, (ii) does not have a Weighted Average Life to Maturity at the time of such replacement, renewal, refinancing or extension that is less than the Weighted Average Life to Maturity of the Debt being replaced, renewed, refinanced or extended and (iii) does not rank at the time of such replacement, renewal, refinancing or extension senior to the Debt being replaced, renewed, refinanced or extended;

(e) Debt incurred by any Foreign Subsidiary, whether now or hereafter acquired, that is non-recourse to the Company or any Domestic Subsidiary; provided that the aggregate principal amount of such Debt does not exceed \$5,000,000 at any time;

(f) Debt not otherwise permitted by the preceding clauses (a) through (e), provided that immediately before and after giving effect thereto and to the application of the proceeds thereof,

(i) no Default or Event of Default exists, and

(ii) Priority Debt does not exceed 15% of Consolidated Total Assets (as of the end of the Company's then most recently completed fiscal quarter) at any time.

10.6. Mergers, Consolidations, etc.

(a) The Company will not consolidate with or merge with any other Person or convey, transfer, sell or lease all or substantially all of its assets in a single transaction or series of transactions to any Person unless:

(i) the successor formed by such consolidation or the survivor of such merger or the Person that acquires by conveyance, transfer, sale or lease all or substantially all of the assets of the Company as an entirety, as the case may be, is a solvent corporation organized and existing under the laws of the United States or any state thereof (including the District of Columbia), and, if the Company is not such corporation, such corporation (A) shall have executed and delivered to each holder of any Notes its assumption of the due and punctual performance and observance of each covenant and condition of this Agreement and the Notes and (B) shall have caused to be delivered to each holder of any Notes an opinion of nationally recognized independent counsel or other independent counsel reasonably satisfactory to the Required Holders, to the effect that all agreements or instruments effecting such assumption are enforceable in accordance with their terms and comply with the terms hereof; and

(ii) immediately before and after giving effect to such transaction, no Default or Event of Default shall have occurred and be continuing.

No such conveyance, transfer, sale or lease of all or substantially all of the assets of the Company shall have the effect of releasing the Company or any successor corporation that shall theretofore have become such in the manner prescribed in this Section 10.6 from its liability under this Agreement or the Notes.

(b) The Company will not permit any Subsidiary that is an Obligor to consolidate with or merge with any other Subsidiary that is not an Obligor (a "NonObligor Subsidiary") if such Non-Obligor Subsidiary is the successor or survivor, or convey, transfer, sell or lease all or substantially all of its assets in a single transaction or series of transactions to any Non-Obligor Subsidiary, unless:

(i) such Non-Obligor Subsidiary (A) is a solvent corporation organized and existing under the laws of the United States or any state thereof

(including the District of Columbia), (B) shall have executed and delivered to each holder of any Notes its assumption of the due and punctual performance and observance of each covenant and condition of this Agreement and the Notes and (C) shall have caused to be delivered to each holder of any Notes an opinion of nationally recognized independent counsel or other independent counsel reasonably satisfactory to the Required Holders, to the effect that all agreements or instruments effecting such assumption are enforceable in accordance with their terms and comply with the terms hereof; and

(ii) immediately before and after giving effect to such transaction, no Default or Event of Default shall have occurred and be continuing.

10.7. Sale of Assets.

Except as permitted by Section 10.6, the Company will not, and will not permit any Subsidiary to, make any Asset Disposition unless:

(a) in the good faith opinion of the Company, the Asset Disposition is in exchange for consideration having a fair market value at least equal to that of the property exchanged and is in the best interest of the Company or such Subsidiary;

(b) immediately after giving effect to the Asset Disposition, no Default or Event of Default would exist; and

(c) immediately after giving effect to the Asset Disposition, the Disposition Value of all property that was the subject of any Asset Disposition occurring in the then current fiscal year of the Company would not exceed 15% of Consolidated Total Assets as of the end of the then most recently completed fiscal year of the Company.

If the Net Proceeds Amount for any Transfer is applied to a Debt Prepayment Application or a Property Reinvestment Application within 90 days before or 365 days after such Transfer, then such Transfer, only for the purpose of determining compliance with paragraph (c) of this Section 10.7 as of any date, shall be deemed not to be an Asset Disposition.

10.8. Transactions with Affiliates.

The Company will not and will not permit any Subsidiary to enter into directly or indirectly any Material transaction or Material group of related transactions (including without limitation the purchase, lease, sale or exchange of properties of any kind or the rendering of any service) with any Affiliate (other than the Company or another Subsidiary), except in the ordinary course of the Company's or such Subsidiary's business and upon fair and reasonable terms no less favorable to the Company or such Subsidiary than would be obtainable in a comparable arm's-length transaction with a Person not an Affiliate.

10.9. Economic Sanctions, Etc.

The Obligors will not, and will not permit any Controlled Entity to (a) become (including by virtue of being owned or controlled by a Blocked Person), own or control a Blocked Person or (b) directly or indirectly have any investment in or engage in any dealing or transaction (including any investment, dealing or transaction involving the proceeds of the Notes) with any Person if such investment, dealing or transaction (i) would cause any holder or any affiliate of such holder to be in violation of, or subject to sanctions under, any law or regulation applicable to such holder, or (ii) is prohibited by or subject to sanctions under any U.S. Economic Sanctions Laws.

10.10. Material Acquisitions.

For the period commencing on the Second Amendment Effective Date through the Temporary Covenant Termination Date, the Obligors will not, and will not permit any Subsidiary to consummate a Material Acquisition.

10.11. Share Repurchases.

For the period commencing on the Second Amendment Effective Date through the Temporary Covenant Termination Date, the Company will not repurchase or otherwise acquire or retire any shares of its Capital Stock.

10.12. Most Favored Lender.

If the Company suffers to exist any terms or conditions or enters into any amendment or other modification, of the Credit Agreement, the Existing Loan Agreement or any notes, indenture or other agreements evidencing Debt incurred pursuant to Section 10.5(f) (collectively, “**Other Specified Indebtedness**”) that (i) results in one or more additional or more restrictive Financial Covenants than those contained in this Agreement or (ii) solely in the case of Other Specified Indebtedness permitted under Section 10.5(f), results in any term, condition or provision (including, for the avoidance of doubt, any covenant, representation, default, security, guaranty or mandatory prepayment) that is not included in this Agreement or otherwise differs

from the similar or equivalent term, condition or provision set forth in this Agreement in any material respect, then, in each case, the terms of this Agreement, without any further action on the part of the Company or any holder of Notes, will unconditionally be deemed on the Second Amendment Effective Date or the date of execution of any such amendment or other modification, as applicable, to be automatically amended to include each such additional or more restrictive Financial Covenant or other term, condition or provision, together with all definitions relating thereto, and any event of default in respect of any such additional or more restrictive covenant(s) so included herein shall be deemed to be a Default under Section 11(c), subject to all applicable terms and provisions of this Agreement, including, without limitation, all grace periods, all limitations in application, scope or duration, and all rights and remedies exercisable by holders of Notes hereunder.

11. EVENTS OF DEFAULT.

An “Event of Default” shall exist if any of the following conditions or events shall occur and be continuing:

(a) the Obligors default in the payment of any principal, Make-Whole Amount, if any, on any Note when the same becomes due and payable, whether at maturity or at a date fixed for prepayment or by declaration or otherwise; or

(b) the Obligors default in the payment of any interest on any Note for more than five Business Days after the same becomes due and payable; or

(c) the Obligors default in the performance of or compliance with any term contained in Section 7.1(d), Sections 10.1 through 10.5, Section 10.7, or Sections 10.10 through 10.12;

(d) the Obligors default in the performance of or compliance with any term contained herein (other than those referred to in paragraphs (a), (b) and (c) of this Section 11) and such default is not remedied within 30 days after the earlier of (i) a Responsible Officer obtaining actual knowledge of such default or (ii) the Company receiving written notice of such default from any holder of a Note; or

(e) any representation or warranty made in writing by or on behalf of the Obligors or any Subsidiary Guarantor or by any officer of any Obligor or any Subsidiary Guarantor in this Agreement, in the Subsidiary Guaranty, or in any writing furnished in connection with the transactions contemplated hereby or thereby proves to have been false or incorrect in any material respect on the date as of which made; or

(f) (i) any Obligor or any other Subsidiary is in default (as principal or as guarantor or other surety) in the payment of any principal of or premium or makewhole amount or libor-breakage (or similar breakage) amount or interest on any Debt that is outstanding in an aggregate principal amount of at least the greater of \$50,000,000 or 2% of Consolidated Total Assets beyond any period of grace provided with respect thereto, or (ii) any Obligor or any other Subsidiary is in default in the performance of or

compliance with any term of any evidence of any Debt that is outstanding in an aggregate principal amount of at least the greater of \$50,000,000 or 2% of Consolidated Total Assets or of any mortgage, indenture or other agreement relating thereto or any other condition exists, and as a consequence of such default or condition such Debt has become, or has been declared (or, in the case of defaults other than Disclosure Defaults, one or more Persons are entitled to declare such Debt to be), due and payable before its stated maturity or before its regularly scheduled dates of payment, or (iii) as a consequence of the occurrence or continuation of any event or condition (other than the passage of time or the right of the holder of Debt to convert such Debt into equity interests), (A) any Obligor or any other Subsidiary has become obligated to purchase or repay Debt before its regular maturity or before its regularly scheduled dates of payment in an aggregate outstanding principal amount of at least the greater of \$50,000,000 or 2% of Consolidated Total Assets or (B) other than Disclosure Defaults, one or more Persons have the right to require any Obligor or any other Subsidiary so to purchase or repay such Debt; or

(g) any Obligor or any other Subsidiary (i) is generally not paying, or admits in writing its inability to pay, its debts as they become due, (ii) files, or consents by answer or otherwise to the filing against it of, a petition for relief or reorganization or arrangement or any other petition in bankruptcy, for liquidation or to take advantage of any bankruptcy, insolvency, reorganization, moratorium or other similar law of any jurisdiction, (iii) makes an assignment for the benefit of its creditors, (iv) consents to the appointment of a custodian, receiver, trustee or other officer with similar powers with respect to it or with respect to any substantial part of its property, (v) is adjudicated as insolvent or to be liquidated, or (vi) takes corporate action for the purpose of any of the foregoing, it being expressly understood and agreed that consulting with counsel and other professional advisers with respect to its rights and responsibilities under Federal or state bankruptcy or insolvency laws shall not, in and of itself, constitute the corporate action referred to above; or

(h) a court or governmental authority of competent jurisdiction enters an order appointing, without consent by any Obligor or any other Subsidiary, a custodian, receiver, trustee or other officer with similar powers with respect to it or with respect to any substantial part of its property, or constituting an order for relief or approving a petition for relief or reorganization or any other petition in bankruptcy or for liquidation or to take advantage of any bankruptcy or insolvency law of any jurisdiction, or ordering the dissolution, winding-up or liquidation of any Obligor or any other Subsidiary, or any such petition shall be filed against any Obligor or any other Subsidiary and such petition shall not be dismissed within 60 days; or

(i) a final judgment or judgments for the payment of money aggregating more than the greater of \$50,000,000 or 2% of Consolidated Total Assets are rendered against one or more of the Obligors and any other Subsidiaries, which judgments are not, within 60 days after entry thereof, bonded, discharged or stayed pending appeal, or are not discharged within 60 days after the expiration of such stay; or

(j) if (i) any Plan shall fail to satisfy the minimum funding standards of ERISA or the Code for any plan year or part thereof or a waiver of such standards or extension of any amortization period is sought or granted under section 412 of the Code, (ii) a notice of intent to terminate any Plan shall have been or is reasonably expected to be filed with the PBGC or the PBGC shall have instituted proceedings under ERISA section 4042 to terminate or appoint a trustee to administer any Plan or the PBGC shall have notified the Company or any ERISA Affiliate that a Plan may become a subject of any such proceedings, (iii) the aggregate “amount of unfunded benefit liabilities” (within the meaning of section 4001(a)(18) of ERISA) under all Plans determined in accordance with Title IV of ERISA, shall be greater than the greater of \$50,000,000 or 2% of Consolidated Total Assets, (iv) the Company or any ERISA Affiliate shall have incurred or is reasonably expected to incur any liability pursuant to Title I or IV of ERISA or the penalty or excise tax provisions of the Code relating to employee benefit plans, (v) the Company or any ERISA Affiliate withdraws from any Multiemployer Plan, or (vi) the Company or any Subsidiary establishes or amends any employee welfare benefit plan that provides post-employment welfare benefits in a manner that would increase the liability of the Company or any Subsidiary thereunder; and any such event or events described in clauses (i) through (vi) above, either individually or together with any other such event or events, could reasonably be expected to have a Material Adverse Effect; or

(k) any Subsidiary Guarantor defaults in the performance of or compliance with any term contained in the Subsidiary Guaranty or the Subsidiary Guaranty ceases to be in full force and effect as a result of acts taken by the Company or any Subsidiary Guarantor, except as provided in Section 22, or is declared to be null and void in whole or in material part by a court or other governmental or regulatory authority having jurisdiction or the validity or enforceability thereof shall be contested by any of the Company or any Subsidiary Guarantor or any of them renounces any of the same or denies that it has any or further liability thereunder.

As used in Section 11(j), the terms “employee benefit plan” and “employee welfare benefit plan” shall have the respective meanings assigned to such terms in section 3 of ERISA.

12. REMEDIES ON DEFAULT, ETC.

12.1. Acceleration.

(a) If an Event of Default with respect to any Obligor described in paragraph (g) or (h) of Section 11 (other than an Event of Default described in clause (i) of paragraph (g) or described in clause (vi) of paragraph (g) by virtue of the fact that such clause encompasses clause (i) of paragraph (g)) has occurred, all the Notes then outstanding shall automatically become immediately due and payable.

(b) If any other Event of Default has occurred and is continuing, holders of at least 51% in principal amount of the Notes at the time outstanding may at any time at its or their option, by notice or notices to the Obligors, declare all the Notes then outstanding to be immediately due and payable.

(c) If any Event of Default described in paragraph (a) or (b) of Section 11 has occurred and is continuing, any holder or holders of Notes at the time outstanding affected by such Event of Default may at any time, at its or their option, by notice or notices to the Company, declare all the Notes held by it or them to be immediately due and payable.

Upon any Notes becoming due and payable under this Section 12.1, whether automatically or by declaration, such Notes will forthwith mature and the entire unpaid principal amount of such Notes, plus (w) all accrued and unpaid interest thereon and (x) any applicable Make-Whole Amount determined in respect of such principal amount (to the full extent permitted by applicable law), shall all be immediately due and payable, in each and every case without presentment, demand, protest or further notice, all of which are hereby waived. The Obligors acknowledge, and the parties hereto agree, that each holder of a Note has the right to maintain its investment in the Notes free from repayment by the Obligors (except as herein specifically provided for) and that the provision for payment of a Make-Whole Amount by the Obligors in the event that the Notes are prepaid or are accelerated as a result of an Event of Default, is intended to provide compensation for the deprivation of such right under such circumstances.

12.2. Other Remedies.

If any Default or Event of Default has occurred and is continuing, and irrespective of whether any Notes have become or have been declared immediately due and payable under Section 12.1, the holder of any Note at the time outstanding may proceed to protect and enforce the rights of such holder by an action at law, suit in equity or other appropriate proceeding, whether for the specific performance of any agreement contained herein or in the Subsidiary Guaranty or in any Note, or for an injunction against a violation of any of the terms hereof or thereof, or in aid of the exercise of any power granted hereby or thereby or by law or otherwise.

12.3. Rescission.

At any time after any Notes have been declared due and payable pursuant to clause (b) or (c) of Section 12.1, the holders of at least 51% in principal amount of the thenoutstanding Notes, by written notice to the Obligors, may rescind and annul any such declaration and its consequences if (a) the Obligors have paid all overdue interest on the Notes, all principal of and any Make-Whole Amount on any Notes that are due and payable and are unpaid other than by reason of such declaration, and all interest on such overdue principal and any Make-Whole Amount and (to the extent permitted by applicable law) any overdue interest in respect of the Notes, at the Default Rate, (b) all Events of Default and Defaults, other than nonpayment of amounts that have become due solely by reason of such declaration, have been cured or have been waived pursuant to Section 17, and (c) no judgment or decree has been entered for the payment of any monies due pursuant hereto or to the Notes. No rescission and annulment under this Section 12.3 will extend to or affect any subsequent Event of Default or Default or impair any right consequent thereon.

12.4. No Waivers or Election of Remedies, Expenses, etc.

No course of dealing and no delay on the part of any holder of any Note in exercising any right, power or remedy shall operate as a waiver thereof or otherwise prejudice such holder's rights, powers or remedies. No right, power or remedy conferred by this Agreement or by any Note or the Subsidiary Guaranty upon any holder thereof shall be exclusive of any other right, power or remedy referred to herein or therein or now or hereafter available at law, in equity, by statute or otherwise. Without limiting the obligations of the Obligors under Section 15, the Obligors will pay to the holder of each Note on demand such further amount as shall be sufficient to cover all costs and expenses of such holder incurred in any enforcement or collection under this Section 12, including, without limitation, reasonable attorneys' fees, expenses and disbursements.

13. REGISTRATION; EXCHANGE; SUBSTITUTION OF NOTES.

13.1. Registration of Notes.

The Company shall keep at its principal executive office a register for the registration and registration of transfers of Notes. The name and address of each holder of one or more Notes, each transfer thereof, and the name and address of each transferee of one or more Notes shall be registered in such register. Prior to due presentment for registration of transfer, the Person in whose name any Note shall be registered shall be deemed and treated as the owner and holder thereof for all purposes hereof, and the Company shall not be affected by any notice or knowledge to the contrary. The Company shall give to any holder of a Note that is an Institutional Investor, promptly upon request therefor, a complete and correct copy of the names and addresses of all registered holders of Notes.

13.2. Transfer and Exchange of Notes.

Upon surrender of any Note at the principal executive office of the Company for registration of transfer or exchange (and in the case of a surrender for registration of transfer, duly endorsed or accompanied by a written instrument of transfer duly executed by the registered holder of such Note or his attorney duly authorized in writing and accompanied by the address for notices of each transferee of such Note or part thereof), the Obligors shall execute and deliver within five Business Days, at the Obligors' expense (except as provided below), one or more new Notes (as requested by the holder thereof) in exchange therefor, in an aggregate principal amount equal to the unpaid principal amount of the surrendered Note. Each such new Note shall be payable to such Person as such holder may request and shall be substantially in the form of Exhibit 1.1. Each such new Note shall be dated and bear interest from the date to which interest shall have been paid on the surrendered Note or dated the date of the surrendered Note if no interest shall have been paid thereon. The Company may require payment of a sum sufficient to cover any stamp tax or governmental charge imposed in respect of any such transfer of Notes. Notes shall not be transferred in denominations of less than \$100,000, provided that if necessary to enable the registration of transfer by a holder of its entire holding of Notes, one Note may be in a denomination of less than \$100,000. Any transferee, by its acceptance of a Note registered in its name (or the name of its nominee), shall be deemed to have made the representation set forth in Section 6.2.

13.3. Replacement of Notes.

Upon receipt by the Company of evidence reasonably satisfactory to it of the ownership of and the loss, theft, destruction or mutilation of any Note (which evidence shall be, in the case of an Institutional Investor, notice from such Institutional Investor of such ownership and such loss, theft, destruction or mutilation), and

(a) in the case of loss, theft or destruction, of indemnity reasonably satisfactory to it (provided that if the holder of such Note is, or is a nominee for, an original Purchaser or another Institutional Investor holder of a Note with a minimum net worth of at least \$50,000,000, such Person's own unsecured agreement of indemnity shall be deemed to be satisfactory), or

(b) in the case of mutilation, upon surrender and cancellation thereof,

the Obligors at their own expense shall execute and deliver within five Business Days, in lieu thereof, a new Note, dated and bearing interest from the date to which interest shall have been paid on such lost, stolen, destroyed or mutilated Note or dated the date of such lost, stolen, destroyed or mutilated Note if no interest shall have been paid thereon.

14. PAYMENTS ON NOTES.

14.1. Place of Payment.

Subject to Section 14.2, payments of principal, Make-Whole Amount, if any, and interest becoming due and payable on the Notes shall be made in New York City at the principal office of JPMorgan Chase Bank, N.A. in such jurisdiction. The Obligors may at any time, by notice to each holder of a Note, change the place of payment of the Notes so long as such place of payment shall be either the principal office of the Company in such jurisdiction or the principal office of a bank or trust company in such jurisdiction.

14.2. Home Office Payment.

So long as you or your nominee shall be the holder of any Note, and notwithstanding anything contained in Section 14.1 or in such Note to the contrary, the Obligors will pay all sums becoming due on such Note for principal, Make-Whole Amount, if any, and interest by the method and at the address specified for such purpose below your name in Schedule A, or by such other method or at such other address as you shall have from time to time specified to the Company in writing for such purpose, without the presentation or surrender of such Note or the making of any notation thereon, except that upon written request of the Company made concurrently with or reasonably promptly after payment or prepayment in full of any Note, you shall surrender such Note for cancellation, reasonably promptly after any such request, to the Company at its principal executive office or at the place of payment most recently designated by the Company pursuant to Section 14.1. Prior to any sale or other disposition of any Note held by you or your nominee you will, at your election, either endorse thereon the amount of principal paid thereon and the last date to which interest has been paid thereon or surrender

such Note to the Company in exchange for a new Note or Notes pursuant to Section 13.2. The Obligors will afford the benefits of this Section 14.2 to any Institutional Investor that is the direct or indirect transferee of any Note purchased by you under this Agreement and that has made the same agreement relating to such Note as you have made in this Section 14.2.

14.3. FATCA Information.

By acceptance of any Note, the holder of such Note agrees that such holder will with reasonable promptness duly complete and deliver to the Obligors, or to such other Person as may be reasonably requested by the Obligors, from time to time (a) in the case of any such holder that is a United States Person, such holder's United States tax identification number or other forms reasonably requested by the Obligors necessary to establish such holder's status as a United States Person under FATCA and as may otherwise be necessary for the Obligors to comply with their obligations under FATCA and (b) in the case of any such holder that is not a United States Person, such documentation prescribed by applicable law (including as prescribed by section 1471(b)(3)(C)(i) of the Code) and such additional documentation as may be necessary for the Obligors to comply with their obligations under FATCA and to determine that such holder has complied with such holder's obligations under FATCA or to determine the amount (if any) to deduct and withhold from any such payment made to such holder. Nothing in this Section 14.3 shall require any holder to provide information that is confidential or proprietary to such holder unless the Obligors are required to obtain such information under FATCA and, in such event, the Obligors shall treat any such information it receives as confidential.

15. EXPENSES, ETC.

15.1. Transaction Expenses.

Whether or not the transactions contemplated hereby are consummated, the Obligors will pay all costs and expenses (including reasonable attorneys' fees of a special counsel and, if reasonably required, local or other counsel) incurred by you and each Other Purchaser or holder of a Note in connection with such transactions and in connection with any amendments, waivers or consents under or in respect of this Agreement, the Subsidiary Guaranty, or the Notes (whether or not such amendment, waiver or consent becomes effective), including: (a) the costs and expenses incurred in enforcing or defending (or determining whether or how to enforce or defend) any rights under this Agreement, the Subsidiary Guaranty, or the Notes, or in responding to any subpoena or other legal process or informal investigative demand issued in connection with this Agreement, the Subsidiary Guaranty, or the Notes, or by reason of being a holder of any Note, (b) the costs and expenses, including financial advisors' fees, incurred in connection with the insolvency or bankruptcy of any Obligor or any other Subsidiary or in connection with any work-out or restructuring of the transactions contemplated hereby, by the Subsidiary Guaranty, and by the Notes, and (c) the costs and expenses not in excess of \$3,000 incurred in connection with the initial filing of this Agreement and all related documents and financial information, and all subsequent annual and interim filings of documents and financial information related to this Agreement, with the Securities Valuation Office of the National Association of Insurance Commissioners or any successor organization succeeding to the authority thereof. The Obligors will pay, and will save you and each other holder of a Note

harmless from, all claims in respect of any fees, costs or expenses if any, of brokers and finders (other than those retained by you).

15.2. Certain Taxes.

The Obligors agree to pay all stamp, documentary or similar taxes or fees which may be payable in respect of the execution and delivery or the enforcement of this Agreement or any Subsidiary Guaranty or the execution and delivery (but not the transfer) or the enforcement of any of the Notes in the United States or any other jurisdiction where any Obligor or any Subsidiary Guarantor has assets or of any amendment of, or waiver or consent under or with respect to, this Agreement or any Subsidiary Guaranty or of any of the Notes, and to pay any value added tax due and payable in respect of reimbursement of costs and expenses by the Obligors or Subsidiary Guarantors pursuant to this Section 15, and will save each holder of a Note to the extent permitted by applicable law harmless against any loss or liability resulting from nonpayment or delay in payment of any such tax or fee required to be paid by the Obligors or Subsidiary Guarantors hereunder.

15.3. Survival.

The obligations of the Obligors under this Section 15 will survive the payment or transfer of any Note, the enforcement, amendment or waiver of any provision of this Agreement, the Subsidiary Guaranty, or the Notes, and the termination of this Agreement.

16. SURVIVAL OF REPRESENTATIONS AND WARRANTIES; ENTIRE AGREEMENT.

All representations and warranties contained herein shall survive the execution and delivery of this Agreement and the Notes, the purchase or transfer by you of any Note or portion thereof or interest therein and the payment of any Note, and may be relied upon by any subsequent holder of a Note, regardless of any investigation made at any time by or on behalf of you or any other holder of a Note. All statements contained in any certificate or other instrument delivered by or on behalf of any Obligor pursuant to this Agreement shall be deemed representations and warranties of such Obligor under this Agreement. Subject to the preceding sentence, this Agreement and the Notes embody the entire agreement and understanding between you and the Obligors and supersede all prior agreements and understandings relating to the subject matter hereof.

17. AMENDMENT AND WAIVER.

17.1. Requirements.

This Agreement, the Notes and the Subsidiary Guaranty may be amended, and the observance of any term hereof or of the Notes may be waived (either retroactively or prospectively), with (and only with) the written consent of the Obligors (and the Subsidiary Guarantors, in the case of the Subsidiary Guaranty) and the Required Holders, except that (a) no amendment or waiver of any of the provisions of Section 1, 2, 3, 4, 5, 6 or 21 hereof, or any

defined term (as it is used therein), will be effective as to you unless consented to by you in writing, and (b) no such amendment or waiver may, without the written consent of the holder of each Note at the time outstanding affected thereby, (i) subject to the provisions of Section 12 relating to acceleration or rescission, change the amount or time of any prepayment or payment of principal of, or reduce the rate or change the time of payment or method of computation of interest or of the Make-Whole Amount on, the Notes, (ii) change the percentage of the principal amount of the Notes the holders of which are required to consent to any such amendment or waiver, or (iii) amend any of Sections 8, 11(a), 11(b), 12, 17 or 20.

17.2. Solicitation of Holders of Notes.

(a) Solicitation. The Company will provide each holder of the Notes (irrespective of the amount of Notes then owned by it) with sufficient information, sufficiently far in advance of the date a decision is required, to enable such holder to make an informed and considered decision with respect to any proposed amendment, waiver or consent in respect of any of the provisions hereof or of the Subsidiary Guaranty or the Notes. The Company will deliver executed or true and correct copies of each amendment, waiver or consent effected pursuant to the provisions of this Section 17 or the Subsidiary Guaranty to each holder of outstanding Notes promptly following the date on which it is executed and delivered by, or receives the consent or approval of, the requisite holders of Notes.

(b) Payment. The Obligors will not directly or indirectly pay or cause to be paid any remuneration, whether by way of supplemental or additional interest, fee or otherwise, or grant any security or provide other credit support, to any holder of Notes as consideration for or as an inducement to the entering into by any holder of Notes or any waiver or amendment of any of the terms and provisions hereof or of the Subsidiary Guaranty or the Notes unless such remuneration is concurrently paid, or security is concurrently granted, or other credit support is concurrently provided, on the same terms, ratably to each holder of Notes then outstanding even if such holder did not consent to such waiver or amendment.

(c) Consent in Contemplation of Transfer. Any consent made pursuant to this Section 17 by a holder of Notes that has transferred or has agreed to transfer its Notes to any Obligor, any Subsidiary or any Affiliate of any Obligor (or to any other Person in connection with, or in anticipation of, an acquisition of, tender offer for, or merger with an Obligor) and has provided or has agreed to provide such written consent as a condition to such transfer shall be void and of no force or effect except solely as to such holder, and any amendments effected or waivers granted or to be effected or granted that would not have been or would not be so effected or granted but for such consent (and the consents of other holders of Notes that were acquired under the same or similar conditions) shall be void and of no force or effect except solely as to such holder.

17.3. Binding Effect, etc.

Any amendment or waiver consented to as provided in this Section 17 or the Subsidiary Guaranty applies equally to all holders of Notes and is binding upon them and upon each future holder of any Note and upon the Obligors without regard to whether such Note has been marked to indicate such amendment or waiver. No such amendment or waiver will extend to or affect any obligation, covenant, agreement, Default or Event of Default not expressly amended or waived or impair any right consequent thereon. No course of dealing between the Obligors and the holder of any Note nor any delay in exercising any rights hereunder, under the Subsidiary Guaranty, or under any Note shall operate as a waiver of any rights of any holder of such Note. As used herein, the term “this Agreement” or “the Agreement” and references thereto shall mean this Agreement as it may from time to time be amended or supplemented.

17.4. Notes held by Obligors, etc.

Solely for the purpose of determining whether the holders of the requisite percentage of the then-outstanding aggregate principal amount of Notes approved or consented to any amendment, waiver or consent to be given under this Agreement, the Subsidiary Guaranty, or the Notes, or have directed the taking of any action provided herein, in the Subsidiary Guaranty or in the Notes to be taken upon the direction of the holders of a specified percentage of the then-outstanding aggregate principal amount of Notes, Notes directly or indirectly owned by any Obligor or any of its Subsidiaries shall be deemed not to be outstanding.

18. NOTICES.

All notices and communications provided for hereunder shall be in writing and sent (a) by e-mail, (b) by facsimile, (c) by registered or certified mail with return receipt requested (postage prepaid), or (d) by a recognized overnight delivery service (with charges prepaid). Any such notice must be sent:

(i) if to you or your nominee, to you or it at the address specified for such communications in Schedule A, or at such other address as you or it shall have specified to the Company in writing,

(ii) if to any other holder of any Note, to such holder at such address as such other holder shall have specified to the Company in writing, or

(iii) if to the Company, to the Obligors, or to a Subsidiary Guarantor, to the Company at its address set forth at the beginning hereof to the attention of the Chief Financial Officer, or at such other address as the Company shall have specified to the holder of each Note in writing.

Notices under this Section 18 will be deemed given only when actually received.

19. REPRODUCTION OF DOCUMENTS.

This Agreement and all documents relating thereto, including, without limitation, (a) consents, waivers and modifications that may hereafter be executed, (b) documents received

by you at the Closing (except the Notes themselves), and (c) financial statements, certificates and other information previously or hereafter furnished to you, may be reproduced by you by any photographic, photostatic, electronic, digital, or other similar process or other similar process and you may destroy any original document so reproduced. The Obligors agree and stipulate that, to the extent permitted by applicable law, any such reproduction shall be admissible in evidence as the original itself in any judicial or administrative proceeding (whether or not the original is in existence and whether or not such reproduction was made by you in the regular course of business) and any enlargement, facsimile or further reproduction of such reproduction shall likewise be admissible in evidence. This Section 19 shall not prohibit the Obligors or any other holder of Notes from contesting any such reproduction to the same extent that it could contest the original, or from introducing evidence to demonstrate the inaccuracy of any such reproduction.

20. CONFIDENTIAL INFORMATION.

For the purposes of this Section 20, “Confidential Information” means information delivered to you by or on behalf of any Obligor or any other Subsidiary in connection with the transactions contemplated by or otherwise pursuant to this Agreement that is proprietary in nature and that was clearly marked or labeled or otherwise adequately identified when received by you as being confidential information of such Obligor or such Subsidiary, provided that such term does not include information that (a) was publicly known or otherwise known to you prior to the time of such disclosure, (b) subsequently becomes publicly known through no act or omission by you or any person acting on your behalf, (c) otherwise becomes known to you other than through disclosure by any Obligor or any other Subsidiary or (d) constitutes financial statements delivered to you under Section 7.1 that are otherwise publicly available. You will maintain the confidentiality of such Confidential Information in accordance with procedures adopted by you in good faith to protect confidential information of third parties delivered to you, provided that you may deliver or disclose Confidential Information to (i) your directors, trustees, officers, employees, agents, attorneys and affiliates (to the extent such disclosure reasonably relates to the administration of the investment represented by your Notes), (ii) your financial advisors and other professional advisors who agree to hold confidential the Confidential Information substantially in accordance with the terms of this Section 20, (iii) any other holder of any Note, (iv) any Institutional Investor to which you sell or offer to sell such Note or any part thereof or any participation therein (if such Person has agreed in writing prior to its receipt of such Confidential Information to be bound by the provisions of this Section 20), (v) any Person from which you offer to purchase any security of any Obligor (if such Person has agreed in writing prior to its receipt of such Confidential Information to be bound by the provisions of this Section 20), (vi) any federal or state regulatory authority having jurisdiction over you, (vii) the National Association of Insurance Commissioners or any similar organization, or any nationally recognized rating agency that requires access to information about your investment portfolio or (viii) any other Person to which such delivery or disclosure may be necessary or appropriate (w) to effect compliance with any law, rule, regulation or order applicable to you, (x) in response to any subpoena or other legal process, (y) in connection with any litigation to which you are a party or (z) if an Event of Default has occurred and is continuing, to the extent you may reasonably determine such delivery and disclosure to be necessary or appropriate in the enforcement or for the protection of the rights and remedies under

your Notes and this Agreement. Each holder of a Note, by its acceptance of a Note, will be deemed to have agreed to be bound by and to be entitled to the benefits of this Section 20 as though it were a party to this Agreement. On reasonable request by the Obligors in connection with the delivery to any holder of a Note of information required to be delivered to such holder under this Agreement or requested by such holder (other than a holder that is a party to this Agreement or its nominee), such holder will enter into an agreement with the Obligors embodying the provisions of this Section 20.

Notwithstanding anything to the contrary set forth herein or in any other written or oral understanding or agreement to which the parties hereto are parties or by which they are bound, the parties acknowledge and agree that (i) any obligations of confidentiality contained herein and therein do not apply and have not applied from the commencement of discussions between the parties to the tax treatment and tax structure of the Notes (and any related transactions or arrangements), and (ii) each party (and each of its employees, representatives, or other agents) may disclose to any and all persons, without limitation of any kind, the tax treatment and tax structure of the Notes and all materials of any kind (including opinions or other tax analyses) that are provided to such party relating to such tax treatment and tax structure, all within the meaning of Treasury Regulations Section 1.6011-4.

21. SUBSTITUTION OF PURCHASER.

You shall have the right to substitute any one of your Affiliates as the purchaser of the Notes that you have agreed to purchase hereunder, by written notice to the Obligors, which notice shall be signed by both you and such Affiliate, shall contain such Affiliate's agreement to be bound by this Agreement and shall contain a confirmation by such Affiliate of the accuracy with respect to it of the representations set forth in Section 6. Upon receipt of such notice, wherever the word "you" is used in this Agreement (other than in this Section 21), such word shall be deemed to refer to such Affiliate in lieu of you. In the event that such Affiliate is so substituted as a purchaser hereunder and such Affiliate thereafter transfers to you all of the Notes then held by such Affiliate, upon receipt by the Company of notice of such transfer, wherever the word "you" is used in this Agreement (other than in this Section 21), such word shall no longer be deemed to refer to such Affiliate, but shall refer to you, and you shall have all the rights of an original holder of the Notes under this Agreement.

22. RELEASE OF OBLIGOR OR SUBSIDIARY GUARANTOR.

(a) Release Due to Asset Disposition. Each holder of a Note fully releases and discharges, immediately and without any further act, any Obligor, other than the Company, from its obligations under this Agreement and the Notes, or any Subsidiary Guarantor from the Subsidiary Guaranty, if such Obligor or Subsidiary Guarantor ceases to be a Subsidiary as a result of an Asset Disposition permitted by Section 10.7, provided that, at the time of such release and discharge, the Company delivers to each holder of Notes a certificate of a Responsible Officer certifying that such Obligor or Subsidiary Guarantor is being so released pursuant to this Section 22(a) and setting forth the facts and calculations necessary to establish compliance with Section 10.7.

(b) Release Due to Release Under Loan Agreements. Each holder of a Note fully releases and discharges, immediately and without any further act, any Obligor, other than the Company, from its obligations under this Agreement and the Notes, or any Subsidiary Guarantor from the Subsidiary Guaranty at such time as the banks party to all Loan Agreements to which such Obligor or Subsidiary Guarantor is a party release and discharge such Subsidiary Guarantor from any Guaranties thereunder or as a borrower thereunder; provided that,

(i) no Default or Event of Default exists or will exist immediately following such release and discharge of such Obligor or Subsidiary Guarantor;

(ii) if any fee or other consideration is paid or given to any holder of Debt under any Loan Agreement in connection with such release and discharge of an Obligor or Subsidiary Guarantor, other than the repayment of all or a portion of such Debt under any applicable Loan Agreement, each holder of a Note receives equivalent consideration on a pro rata basis; and

(iii) at the time of such release and discharge, the Company delivers to each holder of Notes a certificate of a Responsible Officer certifying (x) that such Obligor or Subsidiary Guarantor has been or is being released and discharged as guarantor or borrower under and in respect of all applicable Loan Agreements and (y) as to the matters set forth in clauses (i) and (ii).

23. MISCELLANEOUS.

23.1. Successors and Assigns.

All covenants and other agreements contained in this Agreement by or on behalf of any of the parties hereto bind and inure to the benefit of their respective successors and assigns (including any subsequent holder of a Note) whether so expressed or not, except that, subject to Section 10.6, no Obligor may assign or otherwise transfer any of its rights or obligations hereunder or under the Notes without the prior written consent of each holder. Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto and their respective successors and assigns permitted hereby) any legal or equitable right, remedy or claim under or by reason of this Agreement.

23.2. Payments Due on Non-Business Days.

Anything in this Agreement or the Notes to the contrary notwithstanding (but without limiting the requirement in Section 8.2(a) that the Optional Prepayment Notice specify a Business Day as the date fixed for such prepayment), any payment of principal of or MakeWhole Amount or interest on any Note that is due on a date other than a Business Day shall be made on the next succeeding Business Day without including the additional days elapsed in the computation of the interest payable on such next succeeding Business Day; provided that if the maturity date of any Note is a date other than a Business Day, the payment otherwise due on such maturity date shall be made on the next succeeding Business Day and shall include the

additional days elapsed in the computation of interest payable on such next succeeding Business Day.

23.3. Accounting Terms.

(a) All accounting terms used herein that are not expressly defined in this Agreement have the meanings respectively given to them in accordance with GAAP. Except as otherwise specifically provided herein, (i) all computations made pursuant to this Agreement shall be made in accordance with GAAP, and (ii) all financial statements shall be prepared in accordance with GAAP.

(b) For purposes of determining compliance with the financial covenants contained in this Agreement, any election by the Company to measure any financial liability using fair value (as permitted by Financial Accounting Standards Board Accounting Standards Codification Topic No. 825-10-25 – *Fair Value Option* or any similar accounting standard) shall be disregarded and such determination shall be made as if such election had not been made.

(c) Notwithstanding the foregoing, if the Company notifies the holders of Notes that, in the Company's reasonable opinion, or if the Required Holders notify the Company that, in the Required Holders' reasonable opinion, as a result of a change in GAAP after the date of this Agreement, any covenant contained in Sections 10.1 through 10.5 and Section 10.7, or any of the defined terms used therein no longer apply as intended such that such covenants are materially more or less restrictive to the Company than as at the date of this Agreement, the Company shall negotiate in good faith with the holders of Notes to make any necessary adjustments to such covenant or defined term to provide the holders of the Notes with substantially the same protection as such covenant provided prior to the relevant change in GAAP. Until the Company and the Required Holders so agree to reset, amend or establish alternative covenants or defined terms, (i) the covenants contained in Sections 10.1 through 10.5 and Section 10.7, together with the relevant defined terms, shall continue to apply and compliance therewith shall be determined on the basis of GAAP in effect at the date of this Agreement and (ii) each set of financial statements delivered to holders of Notes pursuant to Section 7.1(a) or (b) during such time shall include detailed reconciliations reasonably satisfactory to the Required Holders as to the effect of such change in GAAP.

23.4. Severability.

Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall (to the full extent permitted by law) not invalidate or render unenforceable such provision in any other jurisdiction.

23.5. Construction.

Each covenant contained herein shall be construed (absent express provision to the contrary) as being independent of each other covenant contained herein, so that compliance with any one covenant shall not (absent such an express contrary provision) be deemed to excuse compliance with any other covenant. Where any provision herein refers to action to be taken by any Person, or which such Person is prohibited from taking, such provision shall be applicable whether such action is taken directly or indirectly by such Person.

23.6. Counterparts.

This Agreement may be executed in any number of counterparts, each of which shall be an original but all of which together shall constitute one instrument. Each counterpart may consist of a number of copies hereof, each signed by less than all, but together signed by all, of the parties hereto.

23.7. Governing Law; Submission to Jurisdiction.

This Agreement shall be construed and enforced in accordance with, and the rights of the parties shall be governed by, the law of the State of New York excluding choiceoflaw principles of the law of such State that would require the application of the laws of a jurisdiction other than such State.

Each Obligor irrevocably submits to the jurisdiction of the courts of the State of New York and of the courts of the United States of America having jurisdiction in the State of New York for the purpose of any legal action or proceeding in any such court with respect to, or arising out of, this Agreement or the Notes. Each Obligor consents to process being served in any suit, action or proceeding by mailing a copy thereof by registered or certified mail, postage prepaid, return receipt requested, to the address of such Obligor specified in or designated pursuant to this Agreement. Each Obligor agrees that such service upon receipt (i) shall be deemed in every respect effective service of process upon it in any such suit, action or proceeding and (ii) shall, to the fullest extent permitted by law, be taken and held to be valid personal service upon and personal delivery to such Obligor.

Remainder of page intentionally left blank.

If you are in agreement with the foregoing, please sign the form of agreement on the accompanying counterpart of this Agreement and return it to the Company, whereupon the foregoing shall become a binding agreement between you and the Obligor.

Conformed copy of agreement does not contain signatures as signatories only sign individual amendments.

12660262v2

RECEIVABLES PURCHASE AGREEMENT

dated as of July 24, 2018

among

PDC FUNDING COMPANY III, LLC, as Seller,

PATTERSON DENTAL SUPPLY, INC., as Servicer,

THE CONDUITS PARTY HERETO,

THE FINANCIAL INSTITUTIONS PARTY HERETO,

THE PURCHASER AGENTS PARTY HERETO

and

MUFG BANK, LTD.,

as Agent

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RECEIVABLES PURCHASE AGREEMENT

This Receivables Purchase Agreement, dated as of July 24, 2018, is by and among PDC Funding Company III, LLC, a Minnesota limited liability company (the “**Seller**”), Patterson Dental Supply, Inc., a Minnesota corporation (together with its successors and assigns “**PDSI**”), as initial Servicer (Servicer together with Seller, the “**Seller Parties**” and each a “**Seller Party**”), the entities listed on Schedule A to this Agreement under the heading “**Financial Institution**” (together with any of their respective successors and assigns hereunder, the “**Financial Institutions**”), the entities (if any) listed on Schedule A to this Agreement under the heading “Conduit” (together with any of their respective successors and assigns hereunder, the “**Conduits**”), the entities listed on Schedule A to this Agreement under the heading “Purchaser Agent” (together with any of their respective successors and assigns hereunder, the “**Purchaser Agents**”) and MUFG Bank, Ltd. (“**MUFG**”), as agent for the Purchasers hereunder or any successor agent hereunder (together with its successors and assigns hereunder, the “**Agent**”). Unless defined elsewhere herein, capitalized terms used in this Agreement shall have the meanings assigned to such terms in Exhibit I.

PRELIMINARY STATEMENTS

The Seller intends to sell and assign to Agent for the benefit of the Purchasers, the Receivables and certain other related assets.

MUFG has been requested and is willing to act as Agent on behalf of the Conduits (if any) and the Financial Institutions in accordance with the terms hereof.

AGREEMENT

Now therefore, in consideration of the foregoing and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto hereby agree as follows:

ARTICLE I

PURCHASE ARRANGEMENTSSection 1.1 Purchase Facility.

(a) Upon the terms and subject to the conditions hereof, during the period from the date hereof to but not including the Facility Termination Date, Seller shall sell and assign, as described in Section 1.2(b), the Asset Portfolio to Agent for the benefit of the Purchasers, as applicable. In accordance with the terms and conditions set forth herein, each Conduit may (in its sole discretion), and each Financial Institution severally hereby agrees to, instruct Agent to make cash payments to Seller of the related Cash Purchase Price in respect of the Asset Portfolio (each such cash payment, an “**Incremental Purchase**”) on behalf of such Purchasers, in each case and from time to time in an aggregate amount not to exceed at such time (i) in the case of each Conduit, its Conduit Purchase Limit, (ii) in the case of a Financial

Institution, its Commitment and (iii) in the aggregate, the lesser of (A) the Purchase Limit and (B) the aggregate amount of the Commitments. Any amount not paid for the Asset Portfolio hereunder as Cash Purchase Price shall be paid to Seller as the RPA Deferred Purchase Price pursuant to, and only to the extent required by, the priority of payments set forth in Sections 2.2(b) and (c) and otherwise pursuant to the terms of this Agreement (including Section 2.6).

(b) Seller may, upon at least 10 Business Days' prior notice to Agent and each Purchaser Agent, terminate in whole or reduce in part, ratably among the Financial Institutions, the unused portion of the Purchase Limit; provided that (i) each partial reduction of the Purchase Limit shall be in an amount equal to \$1,000,000 or an integral multiple thereof, (ii) the aggregate of the Conduit Purchase Limits for all of the Conduits shall also be terminated in whole or reduced in part, ratably among the Conduits, by an amount equal to such termination or reduction in the Purchase Limit and (iii) the aggregate of the Commitments for all of the Financial Institutions shall also be terminated in whole or reduced in part, ratably among the Financial Institutions, by an amount equal to such termination or reduction in the Purchase Limit.

Section 1.2 Increases; Sale of Asset Portfolio.

(a) Increases. Seller shall provide Agent and each Purchaser Agent with prior notice in a form set forth as Exhibit II hereto of each Incremental Purchase (a "**Purchase Notice**") by 12:00 noon (Chicago time) at least three Business Days prior to the requested date of such Incremental Purchase. Each Purchase Notice shall be subject to Section 6.2 hereof and, except as set forth below, shall be irrevocable, shall specify the requested Cash Purchase Price (which shall not be less than \$1,000,000 and in additional increments of \$100,000) and the requested date of such Incremental Purchase (which shall be on a Business Day) and if the Cash Purchase Price thereof is to be funded by any of the Financial Institutions, the requested Discount Rate and Rate Tranche Period. Following receipt of a Purchase Notice, each Purchaser Agent will promptly notify the Conduit (if any) in such Purchaser Agent's Purchaser Group of such Purchase Notice and Agent and each Purchaser Agent will identify the Conduits (if any) that agree to make the Purchase. If any Conduit declines to make a proposed Incremental Purchase or if any Purchaser Group does not include a Conduit, such Incremental Purchase will be made by (i) such declining Conduit's Related Financial Institution(s) or (ii) the Financial Institution(s) included in such Purchaser Group that does not include a Conduit, as applicable, in accordance with the rest of this Section 1.2(a). If the proposed Purchase or any portion thereof is to be made by any of the Financial Institutions, the applicable Purchaser Agent shall send notice of the proposed Purchase to the Financial Institutions in such Purchaser Agent's Purchaser Group, concurrently by telecopier or email specifying (i) the date of such Incremental Purchase, which date must be at least one Business Day after such notice is received by the applicable Financial Institutions, (ii) each Financial Institution's Pro Rata Share of the aggregate Cash Purchase Price in respect of such Incremental Purchase and (iii) the requested Discount Rate and the requested Rate Tranche Period. On the date of each Incremental Purchase, upon satisfaction of the applicable conditions precedent set forth in Article VI and the conditions set forth in this Section 1.2(a), the Conduits and/or the Financial Institutions, as applicable, shall deposit to the Facility Account, in immediately available funds, no later than 12:00 noon (Chicago time), an amount equal to (i) in the case of a Conduit that has agreed to make such

Purchase, such Conduit's Pro Rata Share of the aggregate Cash Purchase Price in respect of such Incremental Purchase or (ii) in the case of a Financial Institution, such Financial Institution's Pro Rata Share of the aggregate Cash Purchase Price in respect of such Incremental Purchase. Each Financial Institution's obligation shall be several, such that the failure of any Financial Institution to make available to Seller any funds in connection with any Incremental Purchase shall not relieve any other Financial Institution of its obligation, if any, hereunder to make funds available on the date of such Incremental Purchase, but no Financial Institution shall be responsible for the failure of any other Financial Institution to make funds available in connection with any Incremental Purchase.

Notwithstanding anything to the contrary set forth in this Section 1.2(a) or otherwise in this Agreement, the parties hereto hereby acknowledge and agree that any Financial Institution may, in its reasonable discretion, by written notice (a "**Delayed Purchase Notice**") delivered to the Agent and the Seller no later than 12:00 p.m. (Chicago time) on the Business Day immediately preceding the applicable Incremental Purchase date elect (subject to the proviso below) with respect to any Incremental Purchase to pay its Pro Rata Share of the aggregate Cash Purchase Price in respect of such Incremental Purchase on or before the thirty-fifth (35th) day following the date of the related Purchase Notice (or if such day is not a Business Day, then on the next succeeding Business Day) (the "**Delayed Purchase Date**"), rather than on the date requested in such Purchase Notice (any Financial Institution making such an election, a "**Delayed Financial Institution**"); provided, that, with respect to each Financial Institution's Purchaser Group, an amount equal to no more than 90.0% of such Financial Institution's Purchaser Group's Commitment may be subject to a Delayed Purchase Date.

No Delayed Financial Institution (or, for the avoidance of doubt, its related Conduit) shall be obligated to pay its Pro Rata Share of the applicable aggregate Cash Purchase Price until the applicable Delayed Purchase Date. A Delayed Financial Institution shall pay its Pro Rata Share of the applicable aggregate Cash Purchase Price on the applicable Delayed Purchase Date in accordance with this Section 1.2(a); provided, however, that a Delayed Financial Institution may, in its sole discretion, pay its Pro Rata Share of the applicable aggregate Cash Purchase Price on any Business Day prior to such Delayed Purchase Date. The Seller shall be obligated to accept the proceeds of such Delayed Financial Institution's portion of the applicable Cash Purchase Price on the applicable Delayed Purchase Date in accordance with this Section 1.2(a). For the avoidance of doubt, a Delayed Financial Institution shall not be deemed to have made any such Incremental Purchase until its applicable portion of the Cash Purchase Price is paid.

The parties hereto hereby acknowledge and agree that they are implementing the delayed funding mechanics provided for in this Section for the purpose of effecting a more favorable "liquidity coverage ratio" (including as set forth in "Basel III" or as "Basel III" or portions thereof may be adopted in any particular jurisdiction) with respect to one or more Financial Institutions (or its holding company). Upon the occurrence of any Regulatory Change reasonably likely to eliminate such favorable effects with respect to all Financial Institutions, so long as no Amortization Event or Potential Amortization Event has occurred and is continuing, the Seller and Servicer may request in writing delivered to the Agent and each Purchaser Agent that this Agreement be amended such that the delayed funding mechanics set forth in this Section

are removed. The Agent and each Purchaser Agent shall promptly notify the Seller and Servicer if they consent to such request and such request may be accepted or rejected by such parties in their sole discretion. Failure of the Agent or any Purchaser Agent to notify the Seller or the Servicer within ten (10) Business Days shall be deemed to constitute a rejection of such request.

(b) Sale of Asset Portfolio. In accordance with Sections 1.1(a) and 1.2(a), Seller hereby sells, assigns and transfers to Agent (on behalf of Purchasers), for the related Cash Purchase Price and the RPA Deferred Purchase Price, effective on and as of the date of each Purchase hereunder, all of its right, title and interest in, to and under all Receivables and the Related Security and Collections relating to such Receivables (other than Seller's title in and to the Facility Account, which shall remain with Seller), in each case, existing as of the date of such Purchase that have been acquired by Seller as provided herein and in the other Transaction Documents on or prior to the date of such Purchase. Purchaser's right, title and interest in and to such assets is herein called the "**Asset Portfolio**".

Section 1.3 Decreases. Seller shall provide Agent with an irrevocable prior written notice (a "**Reduction Notice**") of any proposed reduction of the Aggregate Capital from Collections no later than three (3) Business Days prior to the proposed reduction date and Agent will promptly notify each Purchaser of such Reduction Notice after Agent's receipt thereof. Such Reduction Notice shall designate (i) the date (the "**Proposed Reduction Date**") upon which any such reduction of the Aggregate Capital shall occur (which date shall be a Settlement Date), and (ii) the amount of the Aggregate Capital to be reduced that shall be applied ratably to the aggregate Capital of the Conduits and the Financial Institutions in accordance with the amount of Capital (if any) owing to the Conduits (ratably to each Conduit, based on the ratio of such Conduit's Capital at such time to the aggregate Capital of all the Conduits at such time), on the one hand, and the amount of Capital (if any) owing to the Financial Institutions (ratably to each Financial Institution, based on the ratio of such Financial Institution's Capital at such time to the aggregate Capital of all of the Financial Institutions at such time), on the other hand (the "**Aggregate Reduction**"), without regard to any unpaid RPA Deferred Purchase Price. Only one (1) Reduction Notice shall be outstanding at any time. Concurrently with any reduction of the Aggregate Capital pursuant to this Section, Seller shall pay to the applicable Purchaser all Broken Funding Costs arising as a result of such reduction. No Aggregate Reduction will be made following the occurrence of the Amortization Date without the prior written consent of Agent.

Section 1.4 Payment Requirements. All amounts to be paid or deposited by any Seller Party pursuant to any provision of this Agreement or any other Transaction Document shall be paid or deposited in accordance with the terms hereof no later than 11:00 a.m. (Chicago time) on the day when due in immediately available funds, and if not received before 11:00 a.m. (Chicago time) shall be deemed to be received on the next succeeding Business Day. If such amounts are payable to (i) Agent, they shall be paid to Agent for its own account, in accordance with the applicable instructions from time to time notified by the Agent to such Person and (ii) any Purchaser Agent or Purchaser, they shall be paid to the Purchaser Agent for such Person's Purchaser Group, for the account of such Person, in accordance with the applicable instructions from time to time notified by such Purchaser Agent or Purchaser (each instruction set forth in

clauses (i) and (ii) being a “**Payment Instruction**”). Upon notice to Seller, Agent (on behalf of itself and/or any Purchaser) may debit the Facility Account for all amounts due and payable hereunder. All computations of Financial Institution Yield, per annum fees or discount calculated as part of any CP Costs, per annum fees hereunder and per annum fees under any Fee Letter shall be made on the basis of a year of 360 days for the actual number of days elapsed. If any amount hereunder or under any other Transaction Document shall be payable on a day which is not a Business Day, such amount shall be payable on the next succeeding Business Day.

Section 1.5 Reinvestments. On each Business Day prior to the Final Payout Date, the Servicer, on behalf of the Agent, shall pay to the Seller, out of Collections of Receivables, the amount available for reinvestment in accordance with Section 2.2(a). Each such payment is herein referred to as a “**Reinvestment**”. All Reinvestments with respect to the applicable Purchasers shall be made ratably on behalf of the applicable Purchasers in the relevant Purchaser Group in accordance with the respective outstanding portions of the Aggregate Capital funded by them.

Section 1.6 RPA Deferred Purchase Price. Subject to the application of Collections as RPA Deferred Purchase Price as permitted on each Settlement Date pursuant to Sections 2.2(b), 2.2(c) and 2.6, on each Business Day on and after the Final Payout Date, Servicer, on behalf of Agent and the Purchasers, shall pay to Seller an amount as deferred purchase price (the “**RPA Deferred Purchase Price**”) equal to the Collections of Receivables then held or thereafter received by Seller (or Servicer on its behalf) less any accrued and unpaid Servicing Fee.

ARTICLE II

PAYMENTS AND COLLECTIONS

Section 2.1 Payments. Notwithstanding any limitation on recourse contained in this Agreement, Seller shall immediately pay to Agent when due, for the account of Agent, or the relevant Purchaser or Purchasers, on a full recourse basis: (a) all amounts accrued or payable by Seller to any such Person as described in Section 2.2 and (b) each of the following amounts, to the extent that such amounts are not paid in accordance with Section 2.2: (i) such fees as set forth in each Fee Letter (which fees collectively shall be sufficient to pay all fees owing to the Financial Institutions), (ii) all amounts payable as CP Costs, (iii) all amounts payable as Financial Institution Yield, (iv) all amounts payable as Deemed Collections (which shall be immediately due and payable by Seller and applied to reduce the outstanding Aggregate Capital hereunder in accordance with Sections 2.2 and 2.3 hereof), (v) all amounts required pursuant to Section 2.5 or 2.6, (vi) all amounts payable pursuant to Article X, if any, (vii) all Servicer costs and expenses, including the Servicing Fee, in connection with servicing, administering and collecting the Receivables, (viii) all Broken Funding Costs and (ix) all Default Fees (the fees, amounts and other obligations described in clauses (a) and (b) collectively, the “**Obligations**”). If any Person fails to pay any of the Obligations when due, such Person agrees to pay, on demand, the Default Fee in respect thereof until paid. Notwithstanding the foregoing, no provision of this Agreement or any Fee Letter shall require the payment or permit the collection of any amounts hereunder in excess of the maximum permitted by applicable law. If at any time

Seller receives any Collections or is deemed to receive any Collections, Seller shall immediately pay such Collections or Deemed Collections to Servicer for payment in accordance with the terms and conditions hereof and, at all times prior to such payment, such Collections or Deemed Collections shall be held in trust by Seller for the exclusive benefit of the Purchasers and Agent.

Section 2.2 Collections Prior to Amortization.

(a) Collections Generally. On any day prior to the Amortization Date that Servicer receives any Collections and/or Deemed Collections, the Servicer shall set aside and hold in trust for the benefit of the Purchasers (or, if so requested by the Agent, segregate in a separate account designated by the Agent, which shall be an account maintained and controlled by the Agent unless the Agent otherwise instructs in its sole discretion), for application in accordance with the priority of payments set forth below, all Collections on Receivables that are received by the Servicer or the Seller or received in any Lock-Box or Collection Account and all Deemed Collections; provided, however, that so long as each of the conditions precedent set forth in Section 6.2 are satisfied on such date, the Servicer may release to the Seller from such Collections and Deemed Collections the amount (if any) necessary to pay (i) the purchase price for Receivables purchased by the Seller on such date in accordance with the terms of the Receivables Sale Agreement or (ii) amounts owing by the Seller to the Originators under the Subordinated Note.

(b) Application of Collections. On each Settlement Date, Servicer will apply such Collections to make the following distributions in the following amounts and order of priority:

first, to the reimbursement of Agent's, each Purchaser's and each Purchaser Agent's costs of collection and enforcement of this Agreement,

second, to Agent for the account of the Purchasers, all accrued and unpaid fees under any Fee Letter and all accrued and unpaid CP Costs and Financial Institution Yield and any Broken Funding Costs,

third, if Servicer is not then Seller or an Affiliate of Seller, to Servicer in payment of the Servicing Fee,

fourth, to the ratable reduction of Aggregate Capital an amount necessary to ensure that after giving effect to such payment, the Net Portfolio Balance equals or exceeds the sum of (i) the Aggregate Capital, plus (ii) the Required Reserve,

fifth, if Seller or an Affiliate of Seller is then acting as Servicer, to Servicer in payment of the Servicing Fee,

sixth, to each Terminating Financial Institution, ratably based on such Terminating Financial Institution's Termination Percentage, for the reduction of the Capital of each such Terminating Financial Institution,

seventh, to the applicable Persons, for the ratable payment in full of all other unpaid Obligations, and eighth, the balance, if any, to Seller as RPA Deferred Purchase Price.

(c) Each Terminating Financial Institution shall be allocated a ratable portion of Collections from the Scheduled Termination Date that such Terminating Financial Institution did not consent to extend (as to such Terminating Financial Institution, the “**Termination Date**”), until, with respect to a Terminating Financial Institution, such Terminating Financial Institution’s Capital, if any, shall be paid in full and the applicable, ratable portion of the RPA Deferred Purchase Price allocable to such Terminating Financial Institution’s portion of the Asset Portfolio has been paid in full in accordance with the priority of payments set forth in Section 2.2(c). This ratable portion shall be calculated on the Termination Date of each Terminating Financial Institution as a percentage equal to (i) Capital of such Terminating Financial Institution outstanding on its Termination Date, divided by (ii) the Aggregate Capital outstanding on such Termination Date (the “**Termination Percentage**”). Each Terminating Financial Institution’s Termination Percentage shall remain constant prior to the Amortization Date. On and after the Amortization Date, each Termination Percentage shall be disregarded, and each Terminating Financial Institution’s Capital shall be reduced ratably with all Financial Institutions in accordance with Section 2.3.

Section 2.3 Collections Following Amortization. On the Amortization Date and on each day thereafter, the Servicer shall set aside and hold in trust for the benefit of the Purchasers (or, if so requested by the Agent, segregate in a separate account designated by the Agent, which shall be an account maintained and controlled by the Agent unless the Agent otherwise instructs in its sole discretion), for application in accordance with the priority of payments set forth below, all Collections on Receivables that are received by the Servicer or the Seller or received in any Lock-Box or Collection Account and all Deemed Collections. On and after the Amortization Date, Servicer shall, at any time upon the request from time to time by (or pursuant to standing instructions from) Agent apply such amounts at Agent’s direction to reduce the Aggregate Capital and any other Aggregate Unpaid (it being understood and agreed that, in any event, no portion of the RPA Deferred Purchase Price may be paid to Seller on a date on or after the Amortization Date and prior to the Final Payout Date). If there shall be insufficient funds on deposit to distribute funds in payment in full of the aforementioned amounts, Servicer (or, following its assumption of control of the Collection Accounts, the Agent) shall distribute funds in the following order of priority:

first, to the reimbursement of Agent’s, each Purchaser’s and each Purchaser Agent’s costs of collection and enforcement of this Agreement,

second, ratably to the payment of all accrued and unpaid fees under any Fee Letter and all accrued and unpaid CP Costs and Financial Institution Yield,

third, to the payment of Servicer’s reasonable out-of-pocket costs and expenses in connection with servicing, administering and collecting the Receivables,

including the Servicing Fee, if Seller, or one of its Affiliates is not then acting as Servicer,

fourth, to the ratable reduction of Aggregate Capital to zero,

fifth, for the ratable payment of all other unpaid Obligations, provided that to the extent such Obligations relate to the payment of Servicer costs and expenses, including the Servicing Fee, when Seller or one of its Affiliates is acting as Servicer, such costs and expenses will not be paid until after the payment in full of all other Obligations,

sixth, to the ratable payment in full of all other Aggregate Unpays, and

seventh, after the Aggregate Unpays have been indefeasibly reduced to zero and this Agreement has terminated in accordance with its terms, to Seller as RPA Deferred Purchase Price, any remaining Collections.

Section 2.4 Ratable Payments. Collections applied to the payment of Aggregate Unpays shall be distributed in accordance with the aforementioned provisions, and, giving effect to each of the priorities set forth in Sections 2.2 and 2.3 above, shall be shared ratably (within each priority) among Agent, the Purchaser Agents and the Purchasers in accordance with the amount of such Aggregate Unpays owing to each of them in respect of each such priority.

Section 2.5 Payment Rescission. No payment of any of the Aggregate Unpays shall be considered paid or applied hereunder to the extent that, at any time, all or any portion of such payment or application is rescinded by application of law or judicial authority, or must otherwise be returned or refunded for any reason. Seller shall remain obligated for the amount of any payment or application so rescinded, returned or refunded, and shall promptly pay to Agent (for application to the Person or Persons who suffered such rescission, return or refund), the full amount thereof, plus the Default Fee from the date of any such rescission, return or refunding, in each case, if such rescinded amounts have not been paid under Section 2.2.

Section 2.6 Maximum Purchases In Respect of the Asset Portfolio. Notwithstanding anything to the contrary in this Agreement, Seller shall ensure that the Net Portfolio Balance shall at no time be less than the sum of (i) the Aggregate Capital at such time, plus (ii) the Required Reserves at such time. If, on any date of determination, the sum of (i) the Aggregate Capital, plus (ii) the Required Reserves exceeds the Net Portfolio Balance, in each case at such time, Seller shall pay to the Purchasers within one (1) Business Day an amount to be applied to reduce the Aggregate Capital (allocated ratably based on the ratio of each Purchaser's Capital at such time to the Aggregate Capital at such time), such that after giving effect to such payment, the Net Portfolio Balance equals or exceeds the sum of (i) the Aggregate Capital, plus (ii) the Required Reserves, in each case at such time.

Section 2.7 Clean-Up Call; Limitation on Payments.

(a) Clean Up Call. In addition to Seller's rights pursuant to Section 1.3, Seller shall have the right (after providing written notice to Agent and each Purchaser Agent at least three (3) Business Days prior to the Proposed Reduction Date), at any time following the reduction of the Aggregate Capital to a level that is less than 10.0% of the Purchase Limit as of the date hereof, to repurchase from the Purchasers all, but not less than all, of the Asset Portfolio on any Settlement Date. The purchase price in respect thereof shall be an amount equal to the Aggregate Unpaid through the date of such repurchase, payable in immediately available funds. Such repurchase shall be without representation, warranty or recourse of any kind by, on the part of, or against any Purchaser, any Purchaser Agent or Agent. If, at any time, Servicer is not Seller or an Affiliate of Seller, Seller may waive its repurchase rights under this Section 2.7(a) by providing a written notice of such waiver to Agent and each Purchaser Agent.

(b) Purchasers' and Agent's Limitation on Payments. Notwithstanding any provision contained in this Agreement or any other Transaction Document to the contrary, none of the Purchasers or Agent shall, and none of them shall be obligated (whether on behalf of a Purchaser or otherwise) to, pay any amount to Seller in respect of any portion of the RPA Deferred Purchase Price, except to the extent that Collections are available for distribution to Seller in accordance with this Agreement. In addition, notwithstanding anything to the contrary contained in this Agreement or any other Transaction Document, the obligations of any Purchaser that is a commercial paper conduit or similar vehicle under this Agreement or under any other Transaction Document shall be payable by such Purchaser or successor or assign solely to the extent of funds received from Seller in accordance herewith or from any party to any Transaction Document in accordance with the terms thereof in excess of funds necessary to pay such Person's matured and maturing Commercial Paper or other senior indebtedness of such Person when due. Any amount which Agent or a Purchaser is not obligated to pay pursuant to the operation of the two preceding sentences shall not constitute a claim (as defined in § 101 of the Federal Bankruptcy Code) against, or corporate obligation of, any Purchaser or Agent, as applicable, for any such insufficiency unless and until such amount becomes available for distribution to Seller pursuant to the terms hereof.

ARTICLE III

CONDUIT PURCHASES

Section 3.1 CP Costs. Seller shall pay CP Costs with respect to the outstanding Capital associated with each of the Conduits for each day that any such Capital is outstanding.

Section 3.2 CP Costs Payments. On each Settlement Date, Seller shall pay to Agent (for the benefit of the Conduits) an aggregate amount equal to all accrued and unpaid CP Costs in respect of the outstanding Capital of each of the Conduits for the related Settlement Period in accordance with Article II.

Section 3.3 Calculation of CP Costs. On the third Business Day immediately preceding each Settlement Date, each Conduit shall calculate the aggregate amount of its Conduit Costs for the related Settlement Period and shall notify Seller of such aggregate amount.

ARTICLE IV

FINANCIAL INSTITUTION FUNDING

Section 4.1 Financial Institution Funding. The aggregate Capital associated with the Purchases by the Financial Institutions shall accrue Financial Institution Yield for each day during its Rate Tranche Period at either the LIBO Rate or the Alternate Base Rate in accordance with the terms and conditions hereof. Until Seller gives notice to Agent and the applicable Purchaser Agent(s) of another Discount Rate in accordance with Section 4.4, the initial Discount Rate for any portion of the Asset Portfolio transferred to the Financial Institutions pursuant to the terms and conditions hereof shall be the Alternate Base Rate. If any pro rata portion of the Asset Portfolio of any Conduit is assigned or transferred to, or funded by, any Funding Source of such Conduit pursuant to any Funding Agreement or to or by any other Person, each such portion of the Asset Portfolio so assigned, transferred or funded shall each be deemed to have a new Rate Tranche Period commencing on the date of any such assignment, transfer or funding, and shall accrue yield for each day during its Rate Tranche Period at either the LIBO Rate or the Alternate Base Rate in accordance with the terms and conditions hereof as if each such portion of the Asset Portfolio was held by a Financial Institution. With respect to each such portion of the Asset Portfolio, the assignee or transferee thereof, or the lender with respect thereto, shall be deemed to be a Financial Institution in the applicable Conduit's Purchaser Group solely for the purposes of Sections 4.1, 4.2, 4.4 and 4.5 hereof.

Section 4.2 Financial Institution Yield Payments. On the Settlement Date for each Rate Tranche Period with respect to the aggregate Capital of the Financial Institutions, Seller shall pay to Agent (for the benefit of the Financial Institutions) an aggregate amount equal to all accrued and unpaid Financial Institution Yield for the entire Rate Tranche Period with respect to such Capital in accordance with Article II. On the third Business Day immediately preceding the Settlement Date for such Capital of each of the Financial Institutions, each Financial Institution shall calculate the aggregate amount of accrued and unpaid Financial Institution Yield for the entire Rate Tranche Period for such Capital of such Financial Institution and shall notify Seller of such aggregate amount.

Section 4.3 [Reserved].

Section 4.4 Financial Institution Discount Rates. Seller may select the LIBO Rate or the Alternate Base Rate for each portion of the Capital of any of the Financial Institutions. Seller shall by 11:00 a.m. (Chicago time): (i) at least three (3) Business Days prior to the end of a Rate Tranche Period (a "***Terminating Rate Tranche***") with respect to which the LIBO Rate is being requested as a new Discount Rate and (ii) at least one (1) Business Day prior to the expiration of any Terminating Rate Tranche with respect to which the Alternate Base Rate is being requested as a new Discount Rate, give each Financial Institution (or Funding Source) irrevocable notice of the new Discount Rate for the Capital or portion thereof associated with such Terminating Rate Tranche. Until Seller gives notice to the applicable Financial Institution (or Funding Source) of another Discount Rate, the initial Discount Rate for any Capital of any Financial Institution pursuant to the terms and conditions hereof (or assigned or transferred to, or

funded by, any Funding Source pursuant to any Funding Agreement or to or by any other Person) shall be the Alternate Base Rate.

Section 4.5 Suspension of the LIBO Rate or Replacement of the LIBO Rate.

(a) If any Financial Institution notifies Agent or its Purchaser Agent, as applicable, that it has determined that funding its Pro Rata Share of the Aggregate Capital in respect of the Financial Institutions in such Financial Institution's Purchaser Group at the LIBO Rate would violate any applicable law, rule, regulation, or directive of any governmental or regulatory authority, whether or not having the force of law, or that (i) deposits of a type and maturity appropriate to match fund its Capital at the LIBO Rate are not available or (ii) the LIBO Rate does not accurately reflect the cost of acquiring or maintaining any portion of the Asset Portfolio or Capital at the LIBO Rate, then Agent or such Purchaser Agent, as applicable, shall suspend the availability of the LIBO Rate for the Financial Institutions in such Financial Institution's Purchaser Group and require Seller to select the Alternate Base Rate for any Capital funded by the Financial Institutions in such Financial Institution's Purchaser Group accruing Financial Institution Yield at the LIBO Rate.

(b) Benchmark Replacement. Notwithstanding anything to the contrary herein or in any other Transaction Document, upon the occurrence of a Benchmark Transition Event or an Early Opt-in Election, as applicable, the Agent and the Seller may amend this Agreement to replace the LIBO Rate with a Benchmark Replacement. Any such amendment with respect to a Benchmark Transition Event will become effective at 5:00 p.m. (Chicago time) on the fifth (5th) Business Day after the Agent has posted such proposed amendment to all Purchasers and the Seller so long as the Agent has not received, by such time, written notice of objection to such amendment from Purchasers comprising the Required Purchasers.

Any such amendment with respect to an Early Opt-in Election will become effective on the date that Purchasers comprising the Required Purchasers have delivered to the Agent written notice that such Required Purchasers accept such amendment. No replacement of the LIBO Rate with a Benchmark Replacement pursuant to this Section 4.5 will occur prior to the applicable Benchmark Transition Start Date.

(c) Benchmark Replacement Conforming Changes. In connection with the implementation of a Benchmark Replacement, the Agent will have the right to make Benchmark Replacement Conforming Changes from time to time and, notwithstanding anything to the contrary herein or in any other Transaction Document, any amendments implementing such Benchmark Replacement Conforming Changes will become effective without any further action or consent of any other party to this Agreement.

(d) Notices; Standards for Decisions and Determinations. The Agent will promptly notify the Seller and the Purchasers of (i) any occurrence of a Benchmark Transition Event or an Early Opt-in Election, as applicable, and its related Benchmark Replacement Date and Benchmark Transition Start Date, (ii) the implementation of any Benchmark Replacement, (iii) the effectiveness of any Benchmark Replacement Conforming Changes and (iv) the commencement or conclusion of any Benchmark Unavailability Period.

Any determination, decision or election that may be made by the Agent or Purchasers pursuant to this Section 4.5, including any determination with respect to a tenor, rate or adjustment or of the occurrence or non-occurrence of an event, circumstance or date and any decision to take or refrain from taking any action, will be conclusive and binding absent manifest error and may be made in its or their sole discretion and without consent from any other party hereto, except, in each case, as expressly required pursuant to this Section 4.5.

(e) Benchmark Unavailability Period. Upon the Sellers's receipt of notice of the commencement of a Benchmark Unavailability Period, the Seller may revoke any request for an Incremental Purchase to be made during any Benchmark Unavailability Period. During any Benchmark Unavailability Period, the Alternative Base Rate shall automatically apply for any Capital accruing at the LIBO Rate and any selection by the Seller of the LIBO Rate shall automatically be deemed to be a selection of the Alternative Base Rate.

Section 4.6 Extension of Scheduled Termination Date.

(a) Seller may request one or more 364-day extensions of the Scheduled Termination Date then in effect by giving written notice of such request to Agent (each such notice, an "**Extension Notice**") at least 60 days prior to the Scheduled Termination Date then in effect. After Agent's receipt of any Extension Notice, Agent shall promptly notify each Purchaser Agent of such Extension Notice. After Agent's and each Purchaser Agent's receipt of any Extension Notice, each Purchaser Agent shall promptly notify the Financial Institutions in such Purchaser Agent's Purchaser Group of such Extension Notice. Each Financial Institution may, in its sole discretion, by a revocable notice (a "**Consent Notice**") given to Agent and, if applicable, the Purchaser Agent in such Financial Institution's Purchaser Group on or prior to the 30th day prior to the Scheduled Termination Date then in effect (such period from the date of the Extension Notice to such 30th day being referred to herein as the "**Consent Period**"), consent to such extension of such Scheduled Termination Date; provided, however, that, except as provided in Section 4.6(b), such extension shall not be effective with respect to any of the Financial Institutions if any one or more Financial Institutions: (i) notifies Agent and, if applicable, the Purchaser Agent in such Financial Institution's Purchaser Group during the Consent Period that such Financial Institution either does not wish to consent to such extension or wishes to revoke its prior Consent Notice or (ii) fails to respond to Agent and, if applicable, the Purchaser Agent in such Financial Institution's Purchaser Group within the Consent Period (each Financial Institution or its related Conduit, as the case may be, that does not wish to consent to such extension or wishes to revoke its prior Consent Notice or fails to respond to Agent and, if applicable, such Purchaser Agent within the Consent Period is herein referred to as a "**Non-Renewing Financial Institution**"). If none of the events described in the foregoing clauses (i) or (ii) occurs during the Consent Period and all Consent Notices have been received, then, the Scheduled Termination Date shall be irrevocably extended until the date that is 364 days after the Scheduled Termination Date then in effect. Agent shall promptly notify Seller of any Consent Notice or other notice received by Agent pursuant to this Section 4.6(a).

(b) Upon receipt of notice from Agent or, if applicable, a Purchaser Agent, pursuant to Section 4.6(a) of any Non-Renewing Financial Institution or that the

Scheduled Termination Date has not been extended, one or more of the Financial Institutions (including any Non-Renewing Financial Institution) may proffer to Agent, the Conduit in such Non-Renewing Financial Institution's Purchaser Group and, if applicable, the Purchaser Agent in such Non-Renewing Financial Institution's Purchaser Group the names of one or more institutions meeting the criteria set forth in Section 12.1(b)(i) that are willing to accept assignments of and assume the rights and obligations under this Agreement and the other applicable Transaction Documents of the Non-Renewing Financial Institution. Provided the proffered name(s) are acceptable to Agent, the Conduit in such Non-Renewing Financial Institution's Purchaser Group and, if applicable, the Purchaser Agent in such Non-Renewing Financial Institution's Purchaser Group, Agent shall notify each Purchaser Agent and the remaining Financial Institutions in MUFG's Purchaser Group of such fact and each Purchaser Agent shall notify the remaining Financial Institutions in such Purchaser Agent's Purchaser Group of such fact, and the then existing Scheduled Termination Date shall be extended for an additional 364 days upon satisfaction of the conditions for an assignment in accordance with Section 12.1, and the Commitment of each Non-Renewing Financial Institution shall be reduced to zero. If the rights and obligations under this Agreement and the other applicable Transaction Documents of each Non-Renewing Financial Institution are not assigned as contemplated by this Section 4.6(b) (each such Non-Renewing Financial Institution or its related Conduit, as the case may be, whose rights and obligations under this Agreement and the other applicable Transaction Documents are not so assigned is herein referred to as a "**Terminating Financial Institution**") and at least one Financial Institution is not a Non-Renewing Financial Institution, the then existing Scheduled Termination Date shall be extended for an additional 364 days; provided, however, that (i) the Purchase Limit shall be reduced on the Termination Date applicable to each Terminating Financial Institution by an aggregate amount equal to the Terminating Commitment Availability as of such date of each Terminating Financial Institution and shall thereafter continue to be reduced by amounts equal to any reduction in the Capital of any Terminating Financial Institution (after application of Collections pursuant to Sections 2.2 and 2.3), (ii) the Conduit Purchase Limit of each Conduit shall be reduced by the aggregate amount of the Terminating Commitment Amount of each Terminating Financial Institution in such Conduit's Purchaser Group and (iii) the Commitment of each Terminating Financial Institution shall be reduced to zero on the Termination Date applicable to such Terminating Financial Institution. Upon reduction to zero of the Capital of a Terminating Financial Institution (after application of Collections thereto pursuant to Section 2.2 and 2.3), all rights and obligations of such Terminating Financial Institution hereunder shall be terminated and such Terminating Financial Institution shall no longer be a "Financial Institution"; provided, however, that the provisions of Article X shall continue in effect for its benefit with respect to the Capital held by such Terminating Financial Institution prior to its termination as a Financial Institution. For the avoidance of doubt, each reference to a Financial Institution in the context of a Terminating Financial Institution shall be deemed to refer to the related Conduit if such Conduit continues to have Capital outstanding as a Terminating Financial Institution.

(c) Any requested extension of the Scheduled Termination Date may be approved or disapproved by a Financial Institution in its sole discretion. In the event that the Commitments are not extended in accordance with the provisions of this Section 4.6, the Commitment of each Financial Institution shall be reduced to zero on the Scheduled Termination

Date. Upon reduction to zero of the Commitment of a Financial Institution and upon reduction to zero of the Capital of such Financial Institution, all rights and obligations of such Financial Institution hereunder shall be terminated and such Financial Institution shall no longer be a “Financial Institution”; provided, however, that the provisions of Article X shall continue in effect for its benefit with respect to the Capital held by such Financial Institution prior to its termination as a Financial Institution.

ARTICLE V

REPRESENTATIONS AND WARRANTIES

Section 5.1 Representations and Warranties of the Seller Parties. Each Seller Party hereby represents and warrants to Agent, the Purchaser Agents and the Purchasers, as to itself, as of the date hereof and as of the date of each Purchase that:

(a) Existence and Power. Such Seller Party is a corporation or limited liability company, as applicable, duly organized, validly existing and in good standing under the laws of its state of organization. Such Seller Party is duly qualified to do business and is in good standing as a foreign entity, and has and holds all power, corporate or otherwise, and all governmental licenses, authorizations, consents and approvals required to carry on its business in each jurisdiction in which its business is conducted, except where the failure to be so qualified or to have and hold such governmental licenses, authorization, consents and approvals could not reasonably be expected to have a Material Adverse Effect.

(b) Power and Authority; Due Authorization, Execution and Delivery. The execution and delivery by such Seller Party of this Agreement and each other Transaction Document to which it is a party, and the performance of its obligations hereunder and thereunder and, in the case of Seller, Seller’s use of the proceeds of Purchases made hereunder, are within its powers and authority, corporate or otherwise, and have been duly authorized by all necessary action, corporate or otherwise, on its part. This Agreement and each other Transaction Document to which such Seller Party is a party has been duly executed and delivered by such Seller Party.

(c) No Conflict. The execution and delivery by such Seller Party of this Agreement and each other Transaction Document to which it is a party, and the performance of its obligations hereunder and thereunder do not contravene or violate (i) its certificate or articles of incorporation or organization, by-laws or limited liability company agreement (or equivalent governing documents), (ii) any law, rule or regulation applicable to it, (iii) any restrictions under any agreement, contract or instrument to which it is a party or by which it or any of its property is bound, or (iv) any order, writ, judgment, award, injunction or decree binding on or affecting it or its property, and do not result in the creation or imposition of any Adverse Claim on assets of such Seller Party or its Subsidiaries (except as created hereunder); and no transaction contemplated hereby requires compliance with any bulk sales act or similar law.

(d) Governmental Authorization. Other than the filing of the financing statements required hereunder, no authorization or approval or other action by, and no notice to or filing with, any governmental authority or regulatory body is required for the due execution and delivery by such Seller Party of this Agreement and each other Transaction Document to which it is a party and the performance of its obligations hereunder and thereunder.

(e) Actions, Suits. There are no actions, suits or proceedings pending, or to the best of such Seller Party's knowledge, threatened, against or affecting such Seller Party, or any of its properties, in or before any court, arbitrator or other body, that could reasonably be expected to have a Material Adverse Effect. Such Seller Party is not in default with respect to any order of any court, arbitrator or governmental body.

(f) Binding Effect. This Agreement and each other Transaction Document to which such Seller Party is a party constitute the legal, valid and binding obligations of such Seller Party enforceable against such Seller Party in accordance with their respective terms, except as such enforcement may be limited by applicable bankruptcy, insolvency, reorganization or other similar laws relating to or limiting creditors' rights generally and by general principles of equity (regardless of whether enforcement is sought in a proceeding in equity or at law).

(g) Accuracy of Information. All information heretofore furnished by such Seller Party or any of its Affiliates to Agent, the Purchaser Agents or the Purchasers for purposes of or in connection with this Agreement, any of the other Transaction Documents or any transaction contemplated hereby or thereby is, and all such information hereafter furnished by such Seller Party or any of its Affiliates to Agent, the Purchaser Agents or the Purchasers will be, true and accurate in every material respect on the date such information is stated or certified and does not and will not contain any material misstatement of fact or omit to state a material fact or any fact necessary to make the statements contained therein not materially misleading.

(h) Use of Proceeds. No proceeds of any Purchase hereunder will be used (i) for a purpose that violates, or would be inconsistent with, Regulation T, U or X promulgated by the Board of Governors of the Federal Reserve System from time to time or (ii) to acquire any security in any transaction which is subject to Section 12, 13 or 14 of the Securities Exchange Act of 1934, as amended.

(i) Good Title. Immediately prior to each Purchase hereunder, Seller shall be the legal and beneficial owner of the Receivables and Related Security with respect thereto, free and clear of any Adverse Claim, except as created by the Transaction Documents. There have been duly filed all financing statements or other similar instruments or documents necessary under the UCC (or any comparable law) of all appropriate jurisdictions to perfect Seller's ownership interest in each Receivable, its Collections and the Related Security.

(j) Perfection. This Agreement, together with the filing of the financing statements contemplated hereby, is effective to, and shall, upon each Purchase hereunder, transfer to Agent for the benefit of the Purchasers (and Agent for the benefit of the Purchasers shall acquire from Seller) a valid and perfected ownership of or first priority

perfected security interest in each Receivable existing or hereafter arising and in the Related Security and Collections with respect thereto, free and clear of any Adverse Claim, except as created by the Transaction Documents. There have been duly filed all financing statements or other similar instruments or documents necessary under the UCC (or any comparable law) of all appropriate jurisdictions to perfect Agent's (on behalf of the Purchasers) ownership or security interest in the Receivables, the Related Security and the Collections.

(k) Jurisdiction of Organization; Places of Business and Locations of Records. The principal places of business, jurisdiction of organization and chief executive office of such Seller Party and the offices where it keeps all of its Records are located at the address(es) listed on Exhibit III or such other locations of which Agent and each Purchaser Agent have been notified in accordance with Section 7.2(a) in jurisdictions where all action required by Section 7.1(h) and/or Section 14.4(a) has been taken and completed. Such Seller party's organizational number assigned to it by its jurisdiction of organization and such Seller Party's Federal Employer Identification Number are correctly set forth on Exhibit III. Except as set forth on Exhibit III, such Seller Party has not, within a period of one year prior to the date hereof, (i) changed the location of its principal place of business or chief executive office or its organizational structure, (ii) changed its legal name, (iii) become a "new debtor" (as defined in Section 9-102(a)(56) of the UCC in effect in the State of Minnesota) or (iv) changed its jurisdiction of organization. Seller is a Minnesota limited liability company and is a "registered organization" (within the meaning of Section 9-102 of the UCC in effect in the State of Minnesota).

(l) Collections. The conditions and requirements set forth in Section 7.1(j) and Section 8.2 have at all times been satisfied and duly performed. The names and addresses of all Collection Banks, together with the account numbers of the Collection Accounts at each Collection Bank and the post office box number of each Lock-Box are listed on Exhibit IV or have been provided to Agent and each Purchaser Agent in a written notice that complies with Section 7.2(b). Seller has not granted any Person, other than Agent as contemplated by this Agreement, dominion and control or "control" (within the meaning of Section 9-104 of the UCC of all applicable jurisdictions) of any Lock-Box or Collection Account, or the right to take dominion and control or "control" (within the meaning of Section 9-104 of the UCC of all applicable jurisdictions) of any such Lock-Box or Collection Account at a future time or upon the occurrence of a future event. Each Seller Party has taken all steps necessary to ensure that Agent has "control" (within the meaning of Section 9-104 of the UCC of all applicable jurisdictions) over all Collection Accounts. No funds other than the proceeds of Receivables are deposited to the Collection Accounts.

(m) Material Adverse Effect. (i) The initial Servicer represents and warrants that since April 28, 2018, no event has occurred that would have a material adverse effect on the financial condition or operations of the initial Servicer and its Subsidiaries or the ability of the initial Servicer to perform its obligations under this Agreement, and (ii) Seller represents and warrants that since the Closing Date, no event has occurred that would have a material adverse effect on (A) the financial condition or operations of Seller, (B) the ability of

Seller to perform its obligations under the Transaction Documents, or (C) the collectibility of the Receivables generally or any material portion of the Receivables.

(n) Names. In the past five (5) years, Seller has not used any corporate or other names, trade names or assumed names other than the name in which it has executed this Agreement.

(o) Ownership of Seller. PDSI owns, directly or indirectly, 100% of the issued and outstanding membership units of Seller, free and clear of any Adverse Claim. Such membership units are validly issued, fully paid and nonassessable, and there are no options, warrants or other rights to acquire securities of Seller.

(p) Not an Investment Company. Such Seller Party is not and, after giving effect to the transactions contemplated hereby, will not be required to be registered as, an “investment company” within the meaning of the Investment Company Act of 1940, as amended (the “Investment Company Act”), or any successor statute. Seller is not a “covered fund” under Section 13 of the U.S. Bank Holding Company Act of 1956, as amended, and the applicable rules and regulations thereunder (the “Volcker Rule”). In determining that Seller is not a “covered fund” under the Volcker Rule, Seller is entitled to rely on the exemption from the definition of “investment company” set forth in Section 3(c)(5)(A) or (B) of the Investment Company Act and may also rely on other exemptions under the Investment Company Act.

(q) Compliance with Law. Such Seller Party has complied in all respects with all applicable laws, rules, regulations, orders, writs, judgments, injunctions, decrees or awards to which it may be subject, except where the failure to so comply could not reasonably be expected to have a Material Adverse Effect. Each Receivable, together with the Contract related thereto, does not contravene any laws, rules or regulations applicable thereto (including, without limitation, laws, rules and regulations relating to truth in lending, fair credit billing, fair credit reporting, equal credit opportunity, fair debt collection practices and privacy), and no part of such Contract is in violation of any such law, rule or regulation.

(r) Compliance with Credit and Collection Policy. Such Seller Party has complied in all material respects with the Credit and Collection Policy with regard to each Receivable and the related Contract, and has not made any material change to such Credit and Collection Policy, except such material change as to which Agent and each Purchaser Agent have been notified in accordance with Section 7.1(a)(vii) and receipt Agent’s and each Purchaser Agent’s consent to the extent referenced therein.

(s) Payments to Originators. With respect to each Receivable transferred to Seller under the Receivables Sale Agreement, Seller has given reasonably equivalent value to the applicable Originator in consideration therefor and such transfer was not made for or on account of an antecedent debt. No transfer by any Originator of any Receivable under the Receivables Sale Agreement is or may be voidable under any section of the Federal Bankruptcy Code.

(t) Enforceability of Contracts. Each Contract with respect to each Receivable is effective to create, and has created, a legal, valid and binding obligation of the related Obligor to pay the Outstanding Balance of the Receivable created thereunder and any accrued interest thereon, enforceable against the Obligor in accordance with its terms, except as such enforcement may be limited by applicable bankruptcy, insolvency, reorganization or other similar laws relating to or limiting creditors' rights generally and by general principles of equity (regardless of whether enforcement is sought in a proceeding in equity or at law).

(u) Eligible Receivables. Each Receivable included in the Net Portfolio Balance as an Eligible Receivable was an Eligible Receivable on the date of its purchase by Seller under the Receivables Sale Agreement.

(v) Net Portfolio Balance. Seller has determined that, immediately after giving effect to each Purchase hereunder (including the initial Purchase on the date hereof), the Net Portfolio Balance equals or exceeds the sum of (i) the Aggregate Capital, plus (ii) the Required Reserves, in each case, at such time.

(w) Accounting. The manner in which such Seller Party accounts for the transactions contemplated by this Agreement and the Receivables Sale Agreement does not jeopardize the true sale analysis.

(x) [Reserved].

(y) [Reserved].

(z) Anti-Corruption Laws, Anti-Terrorism Laws and Sanctions. None of (a) the Seller Parties or any of their respective Subsidiaries, Affiliates, directors, officers, employees, or agents that will act in any capacity in connection with or directly benefit from the facility established hereby is a Sanctioned Person, (b) the Seller Parties nor any of their respective Subsidiaries is organized or resident in a Sanctioned Country, and (c) the Seller Parties has violated, been found in violation of or is under investigation by any governmental authority for possible violation of any Anti-Corruption Laws, Anti-Terrorism Laws or of any Sanctions. No proceeds received by any Seller Party or any of their respective Subsidiaries or Affiliates in connection with any Purchase will be used in any manner that will violate Anti-Corruption Laws, Anti-Terrorism Laws or Sanctions.

(aa) Policies and Procedures. Policies and procedures have been implemented and maintained by or on behalf of each of the Seller Parties that are designed to achieve compliance by the Seller Parties and their respective Subsidiaries, Affiliates, directors, officers, employees and agents with Anti-Corruption Laws, Anti-Terrorism Laws and Sanctions, and the Seller Parties and their respective Subsidiaries, Affiliates, officers, employees, directors and agents acting in any capacity in connection with or directly benefitting from the facility established hereby, are in compliance with Anti-Corruption Laws, Anti-Terrorism Laws and Sanctions.

(bb) Beneficial Ownership Rule. The Seller is an entity that is organized under the laws of the United States or of any State and at least 51 percent of whose common stock or analogous equity interest is owned by a Person whose common stock or analogous equity interests are listed on the New York Stock Exchange or the American Stock Exchange or have been designated as a NASDAQ National Market Security listed on the NASDAQ stock exchange and is excluded on that basis from the definition of Legal Entity Customer as defined in the Beneficial Ownership Rule.

ARTICLE VI

CONDITIONS OF PURCHASES

Section 6.1 Conditions Precedent to Initial Purchase. The initial Purchase under this Agreement is subject to the conditions precedent that (a) Agent and each Purchaser Agent shall have received on or before the date of such Purchase those documents listed on Schedule B, (b) Agent, each Purchaser Agent and each Purchaser shall have received all fees and expenses required to be paid on or prior to such date pursuant to the terms of this Agreement and/or any Fee Letter, (c) Seller shall have marked its books and records with a legend satisfactory to Agent identifying Agent's interest therein, (d) Agent and each Purchaser Agent shall have completed to its satisfaction a due diligence review of each Originator's and Seller's billing, collection and reporting systems and other items related to the Receivables and (e) each of the Purchasers shall have received the approval of its credit committee of the transactions contemplated hereby.

Section 6.2 Conditions Precedent to All Purchases. Each Incremental Purchase (including the initial Incremental Purchase) and Reinvestment shall be subject to the further conditions precedent that:

(a) in the case of each Incremental Purchase, Servicer shall have delivered to Agent and each Purchaser Agent on or prior to the date of such Incremental Purchase, in form and substance satisfactory to Agent and each Purchaser Agent, all Monthly Reports as and when due under Section 8.5;

(b) in the case of each Incremental Purchase, Agent and each Purchaser Agent shall have received a duly executed Purchase Notice and such other approvals, opinions or documents as Agent or any Purchaser Agent may reasonably request;

(c) in the case of each Reinvestment, after giving effect to such Reinvestment, the Servicer shall be holding in trust for the benefit of the Purchasers an amount of Collections sufficient to pay the sum of (i) all accrued and unpaid Servicing Fees, CP Costs, Financial Institution Yield, Broken Funding Costs and all other unpaid fees under any Fee Letter, in each case, through the date of such Reinvestment, (ii) the amount by which the Aggregate Capital exceeds the result of (x) the Net Portfolio Balance, minus (y) the Required Reserve and (iii) the amount of all other accrued and unpaid Obligations through the date of such Reinvestment; and

(d) on the date of such Incremental Purchase or Reinvestment, the following statements shall be true (and acceptance of the proceeds of such Purchase shall be deemed a representation and warranty by Seller that such statements are then true):

(i) the representations and warranties set forth in Section 5.1 are true and correct on and as of the date of such Purchase as though made on and as of such date;

(ii) no event has occurred and is continuing, or would result from such Purchase, that will constitute an Amortization Event, and no event has occurred and is continuing, or would result from such Purchase, that would constitute a Potential Amortization Event;

(iii) the Aggregate Capital does not exceed the Purchase Limit and the Net Portfolio Balance equals or exceeds the sum of (i) the Aggregate Capital, plus (ii) the Required Reserves, in each case, both immediately before and after giving effect to such Purchase; and

(iv) the Facility Termination Date shall not have occurred.

ARTICLE VII

COVENANTS

Section 7.1 Affirmative Covenants of The Seller Parties. Until the date on which the Aggregate Unpaid have been indefeasibly paid in full and this Agreement terminates in accordance with its terms, each Seller Party hereby covenants, as to itself, as set forth below:

(a) Financial Reporting. Such Seller Party will maintain, for itself and each of its Subsidiaries, a system of accounting established and administered in accordance with GAAP, and furnish or cause to be furnished to Agent and each Purchaser Agent:

(i) Annual Reporting. Within 90 days after the close of each of its respective fiscal years, (x) audited, unqualified consolidated financial statements (which shall include balance sheets, statements of income and retained earnings and a statement of cash flows) for PDCo and its consolidated Subsidiaries for such fiscal year certified in a manner acceptable to Agent by independent public accountants acceptable to Agent and (y) unaudited balance sheets of Seller as at the close of such fiscal year and statements of income and retained earnings and a statement of cash flows for Seller for such fiscal year, all certified by its chief financial officer. Delivery within the time period specified above of PDCo's annual report on Form 10-K for such fiscal year (together with PDCo's annual report to shareholders, if any, prepared pursuant to Rule 14a-3 under the Securities Exchange Act of 1934, as amended) prepared in accordance with the requirements therefor and filed with the Securities and Exchange Commission shall be deemed to satisfy the requirements of clause (x) of this Section 7.1(a)(i), **provided** that the report of the independent public accountants contained therein is acceptable to Agent.

(ii) Quarterly Reporting. Within 45 days after the close of the first three (3) quarterly periods of each of its respective fiscal years, unaudited balance sheets of PDCo as at the close of each such period and statements of income and retained earnings and a statement of cash flows for PDCo for the period from the beginning of such fiscal year to the end of such quarter, all certified by its chief financial officer. Delivery within the time period specified above of copies of PDCo's quarterly report Form 10-Q for such fiscal quarter prepared in accordance with the requirements therefor and filed with the Securities and Exchange Commission shall be deemed to satisfy the foregoing requirements of this Section 7.1(a) (ii).

(iii) Compliance Certificate. Together with the financial statements required hereunder, a compliance certificate in substantially the form of Exhibit V signed by such Seller Party's Authorized Officer and dated the date of such annual financial statement or such quarterly financial statement, as the case may be.

(iv) Shareholders Statements and Reports. Promptly upon the furnishing thereof to the shareholders of such Seller Party copies of all financial statements, reports and proxy statements so furnished.

(v) S.E.C. Filings. Promptly upon the filing thereof, copies of all registration statements and annual, quarterly, monthly or other regular reports which PDCo, any Originator or any of their respective Subsidiaries files with the Securities and Exchange Commission.

(vi) Copies of Notices. Promptly upon its receipt of any notice, request for consent, financial statements, certification, report or other communication under or in connection with any Transaction Document from any Person other than Agent, any Purchaser Agent (so long as Agent is copied on such communication) or any Purchaser (so long as each other Purchaser is copied on such communication), copies of the same.

(vii) Change in Credit and Collection Policy. At least thirty (30) days prior to the effectiveness of any material change in or material amendment to the Credit and Collection Policy, a copy of the Credit and Collection Policy then in effect and a notice (A) indicating such change or amendment, and (B) if such proposed change or amendment would be reasonably likely to adversely affect the collectibility of the Receivables or decrease the credit quality of any newly created Receivables, requesting Agent's and each Purchaser Agent's consent thereto.

(viii) Notices under Receivables Sale Agreement. Promptly upon its receipt of any notice received or delivered pursuant to any provision of the Receivables Sale Agreement, copies of the same.

(ix) Other Information. Promptly, from time to time, such other information, documents, records or reports relating to the Receivables or the condition or operations, financial or otherwise, of such Seller Party as Agent or any Purchaser Agent

may from time to time reasonably request in order to protect the interests of Agent and the Purchasers under or as contemplated by this Agreement.

(b) Notices. Such Seller Party will notify Agent and each Purchaser Agent in writing of any of the following promptly upon learning of the occurrence thereof, describing the same and, if applicable, the steps being taken with respect thereto:

(i) Amortization Events or Potential Amortization Events. The occurrence of each Amortization Event and each Potential Amortization Event, by a statement of an Authorized Officer of such Seller Party.

(ii) Judgment and Proceedings. (1) The entry of any judgment or decree against Servicer or any of its respective Subsidiaries if the aggregate amount of all judgments and decrees then outstanding against Servicer and its Subsidiaries exceeds \$1,000,000, (2) the institution of any litigation, arbitration proceeding or governmental proceeding against Servicer that could, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect and (3) the entry of any judgment or decree or the institution of any litigation, arbitration proceeding or governmental proceeding against Seller.

(iii) Material Adverse Effect. The occurrence of any event or condition that has had, or could reasonably be expected to have, a Material Adverse Effect.

(iv) Termination Date. The occurrence of the “Purchase Termination Date” or any “Purchase Termination Event” under and as defined in the Receivables Sale Agreement.

(v) Defaults Under Other Agreements. The occurrence of a material default or an event of default under any other financing arrangement pursuant to which such Seller Party is a debtor or an obligor which has a principal amount of \$5,000,000 or more in the aggregate.

(vi) [Reserved].

(vii) Appointment of Independent Governor. The decision to appoint a new governor of Seller as the “Independent Governor” for purposes of this Agreement, such notice to be issued not less than ten (10) days prior to the effective date of such appointment and to certify that the designated Person satisfies the criteria set forth in the definition herein of “Independent Governor.”

(c) Compliance with Laws and Preservation of Existence. Such Seller Party will comply in all respects with all applicable laws, rules, regulations, orders, writs, judgments, injunctions, decrees or awards to which it may be subject, except where the failure to so comply could not reasonably be expected to have a Material Adverse Effect. Such Seller Party will preserve and maintain its legal existence, rights, franchises and privileges in the

jurisdiction of its organization, and qualify and remain qualified in good standing as a foreign entity in each jurisdiction where its business is conducted, except where the failure to so preserve and maintain any such rights, franchises or privileges or to so qualify could not reasonably be expected to have a Material Adverse Effect.

(d) Audits. Such Seller Party will furnish to Agent and each Purchaser Agent from time to time such information with respect to it and the Receivables as Agent or any Purchaser Agent may reasonably request. Such Seller Party will, from time to time during regular business hours as requested by Agent or any Purchaser Agent upon reasonable notice and at the sole cost of such Seller Party, permit Agent or any Purchaser Agent or any of their respective agents or representatives, (i) to examine and make copies of and abstracts from all Records in the possession or under the control of such Person relating to the Receivables and the Related Security, including, without limitation, the related Contracts, and (ii) to visit the offices and properties of such Person for the purpose of examining such materials described in clause (i) above, and to discuss matters relating to such Person's financial condition or the Receivables and the Related Security or any Person's performance under any of the Transaction Documents or any Person's performance under the Contracts and, in each case, with any of the officers or employees of Seller or Servicer having knowledge of such matters. Without limiting the foregoing, such Seller Party will, annually and prior to any Financial Institution renewing its Commitment hereunder, during regular business hours as requested by Agent or any Purchaser Agent upon reasonable notice and at the sole cost of such Seller Party, permit Agent or any Purchaser Agent or any of their respective agents or representatives, to conduct a follow-up audit.

(e) Keeping and Marking of Records and Books.

(i) Servicer will maintain and implement administrative and operating procedures (including, without limitation, an ability to recreate records evidencing Receivables in the event of the destruction of the originals thereof), and keep and maintain all documents, books, records and other information reasonably necessary or advisable for the collection of all Receivables (including, without limitation, records adequate to permit the immediate identification of each new Receivable and all Collections of and adjustments to each existing Receivable) and the identification and segregation of Excluded Receivables. Servicer will give Agent notice of any material change in the administrative and operating procedures referred to in the previous sentence.

(ii) Such Seller Party (A) has on or prior to the Closing Date, marked its master data processing records and other books and records relating to the Asset Portfolio with a legend, acceptable to Agent, describing the Asset Portfolio and (B) will, upon the request of Agent (x) mark each Contract with a legend describing the Asset Portfolio and (y) deliver to Agent all Contracts (including, without limitation, all multiple originals of any such Contract) relating to the Receivables.

(f) Compliance with Contracts and Credit and Collection Policy. Such Seller Party will timely and fully (i) perform and comply with all provisions, covenants and

other promises required to be observed by it under the Contracts related to the Receivables, and (ii) comply in all respects with the Credit and Collection Policy in regard to each Receivable and the related Contract.

(g) Performance and Enforcement of Receivables Sale Agreement. Seller will, and will require each Originator to, perform each of their respective obligations and undertakings under and pursuant to the Receivables Sale Agreement, will purchase Receivables thereunder in strict compliance with the terms thereof and will vigorously enforce the rights and remedies accorded to Seller under the Receivables Sale Agreement. Seller will take all actions to perfect and enforce its rights and interests (and the rights and interests of Agent and the Purchasers as assignees of Seller) under the Receivables Sale Agreement as Agent may from time to time reasonably request, including, without limitation, making claims to which it may be entitled under any indemnity, reimbursement or similar provision contained in the Receivables Sale Agreement.

(h) Ownership. Seller will take all necessary action to (i) vest legal and equitable title to the Receivables, the Related Security and the Collections purchased under the Receivables Sale Agreement irrevocably in Seller, free and clear of any Adverse Claims other than Adverse Claims in favor of Agent and the Purchasers (including, without limitation, the filing of all financing statements or other similar instruments or documents necessary under the UCC (or any comparable law) of all appropriate jurisdictions to perfect Seller's interest in such Receivables, Related Security and Collections and such other action to perfect, protect or more fully evidence the interest of Seller therein as Agent may reasonably request), and (ii) establish and maintain, in favor of Agent, for the benefit of the Purchasers, a valid and perfected ownership interest (and/or a valid and perfected first priority security interest) in all Receivables, Related Security and Collections to the full extent contemplated herein, free and clear of any Adverse Claims other than Adverse Claims in favor of Agent for the benefit of the Purchasers (including, without limitation, the filing of all financing statements or other similar instruments or documents necessary under the UCC (or any comparable law) of all appropriate jurisdictions to perfect Agent's (for the benefit of the Purchasers) interest in such Receivables, Related Security and Collections and such other action to perfect, protect or more fully evidence the interest of Agent for the benefit of the Purchasers as Agent may reasonably request).

(i) Purchasers' Reliance. Seller acknowledges that the Purchasers are entering into the transactions contemplated by this Agreement in reliance upon Seller's identity as a legal entity that is separate from each Patterson Entity and their respective Affiliates. Therefore, from and after the Closing Date, Seller will take all reasonable steps, including, without limitation, all steps that Agent, any Purchaser Agent or any Purchaser may from time to time reasonably request, to maintain Seller's identity as a separate legal entity and to make it manifest to third parties that Seller is an entity with assets and liabilities distinct from those of each Patterson Entity and any Affiliates thereof and not just a division of any Patterson Entity. Without limiting the generality of the foregoing and in addition to the other covenants set forth herein, Seller will:

(A) conduct its own business in its own name and require that all full-time employees of Seller, if any, identify themselves as such and not as employees of any Patterson Entity (including, without limitation, by means of providing appropriate employees with business or identification cards identifying such employees as Seller's employees);

(B) compensate all employees, consultants and agents directly, from Seller's own funds, for services provided to Seller by such employees, consultants and agents and, to the extent any employee, consultant or agent of Seller is also an employee, consultant or agent of any Patterson Entity or any Affiliate thereof, allocate the compensation of such employee, consultant or agent between Seller and such Patterson Entity or such Affiliate, as applicable on a basis that reflects the services rendered to Seller and such Patterson Entity or such Affiliate, as applicable;

(C) clearly identify its offices (by signage or otherwise) as its offices and, if such office is located in the offices of any Patterson Entity or an Affiliate thereof, Seller will lease such office at a fair market rent;

(D) have a separate telephone number, which will be answered only in its name and separate stationery, invoices and checks in its own name;

(E) conduct all transactions with each Patterson Entity and Servicer and their respective Affiliates strictly on an arm's-length basis, allocate all overhead expenses (including, without limitation, telephone and other utility charges) for items shared between Seller and any Patterson Entity or any Affiliate thereof on the basis of actual use to the extent practicable and, to the extent such allocation is not practicable, on a basis reasonably related to actual use;

(F) at all times have a Board of Governors consisting of three members, at least one member of which is an Independent Governor;

(G) observe all limited liability company formalities as a distinct entity, and ensure that all limited liability company actions relating to (1) the selection, maintenance or replacement of the Independent Governor, (2) the dissolution or liquidation of Seller or (3) the initiation of, participation in, acquiescence in or consent to any bankruptcy, insolvency, reorganization or similar proceeding involving Seller, are duly authorized by unanimous vote of its Board of Governors (including the Independent Governor);

(H) maintain Seller's books and records separate from those of each Patterson Entity and any Affiliate thereof and otherwise readily identifiable as its own assets rather than assets of any Patterson Entity and any Affiliate thereof;

(I) prepare its financial statements separately from those of each Patterson Entity and insure that any consolidated financial statements of any Patterson Entity or any Affiliate thereof that include Seller, including any that are

filed with the Securities and Exchange Commission or any other governmental agency have notes clearly stating that Seller is a separate legal entity and that its assets will be available first and foremost to satisfy the claims of the creditors of Seller;

(J) except as herein specifically otherwise provided, maintain the funds or other assets of Seller separate from, and not commingled with, those of any Patterson Entity or any Affiliate thereof and only maintain bank accounts or other depository accounts to which Seller alone (or Servicer in the performance of its duties hereunder) is the account party and from which Seller alone (or Servicer in the performance of its duties hereunder or Agent hereunder) has the power to make withdrawals;

(K) pay all of Seller's operating expenses from Seller's own assets (except for certain payments by any Patterson Entity or other Persons pursuant to allocation arrangements that comply with the requirements of this Section 7.1(i));

(L) operate its business and activities such that: it does not engage in any business or activity of any kind, or enter into any transaction or indenture, mortgage, instrument, agreement, contract, lease or other undertaking, other than the transactions contemplated and authorized by this Agreement and the Receivables Sale Agreement; and does not create, incur, guarantee, assume or suffer to exist any Indebtedness or other liabilities, whether direct or contingent, other than (1) as a result of the endorsement of negotiable instruments for deposit or collection or similar transactions in the ordinary course of business, (2) the incurrence of obligations under this Agreement, (3) the incurrence of obligations, as expressly contemplated in the Receivables Sale Agreement, to make payment to the Originators thereunder for the purchase of Receivables from the Originators under the Receivables Sale Agreement, and (4) the incurrence of operating expenses in the ordinary course of business of the type otherwise contemplated by this Agreement;

(M) maintain its articles of organization and bylaws in conformity with this Agreement, such that (1) it does not amend, restate, supplement or otherwise modify its articles of organization or bylaws in any respect that would impair its ability to comply with the terms or provisions of any of the Transaction Documents, including, without limitation, Section 7.1(i) of this Agreement; and (2) its articles of organization and bylaws, at all times that this Agreement is in effect, provides for not less than ten (10) days' prior written notice to Agent of the replacement or appointment of any governor that is to serve as an Independent Governor for purposes of this Agreement and the condition precedent to giving effect to such replacement or appointment that Seller certify that the designated Person satisfied the criteria set forth in the definition herein of "Independent Governor" and Agent's written acknowledgement that in its reasonable judgment the designated Person satisfies the criteria set forth in the definition herein of "Independent Governor";

(N) maintain the effectiveness of, and continue to perform under the Receivables Sale Agreement, the Performance Undertaking and the

other Transaction Documents, such that it does not amend, restate, supplement, cancel, terminate or otherwise modify the Receivables Sale Agreement, the Performance Undertaking or any other Transaction Document, or give any consent, waiver, directive or approval thereunder or waive any default, action, omission or breach under the Receivables Sale Agreement, the Performance Undertaking, or any other Transaction Document, or otherwise grant any indulgence thereunder, without (in each case) the prior written consent of Agent and the Required Purchasers;

(O) maintain its legal separateness such that it does not merge or consolidate with or into, or convey, transfer, lease or otherwise dispose of (whether in one transaction or in a series of transactions, and except as otherwise contemplated herein) all or substantially all of its assets (whether now owned or hereafter acquired) to, or acquire all or substantially all of the assets of, any Person, nor at any time create, have, acquire, maintain or hold any interest in any Subsidiary;

(P) maintain at all times the Required Capital Amount (as defined in the Receivables Sale Agreement) and refrain from making any dividend, distribution, redemption of membership units or payment of any subordinated Indebtedness or other liabilities which would cause the Required Capital Amount to cease to be so maintained; and

(Q) take such other actions as are necessary on its part to ensure that the facts and assumptions set forth in the opinion(s) issued by Briggs and Morgan, P.A., as counsel for Seller, in connection with the Transaction Documents (as such opinion(s) may be brought down or replaced from time to time), relating to substantive consolidation issues, and in the certificates accompanying such opinion, remain true and correct in all material respects at all times.

(j) Collections. Such Seller Party will cause (1) all ACH Receipts to be deposited immediately to a Collection Account and all proceeds from all Lock-Boxes to be directly deposited by a Collection Bank into a Collection Account and (2) each Lock-Box and Collection Account to be subject at all times to a Collection Account Agreement that is in full force and effect. In the event any payments relating to Receivables are remitted directly to any Seller Party or any Affiliate of any Seller Party, such Seller Party will remit (or will cause all such payments to be remitted) directly to a Collection Bank and deposited into a Collection Account within one (1) Business Day following receipt thereof, and, at all times prior to such remittance, such Seller Party or Affiliate will itself hold or, if applicable, will cause such payments to be held in trust for the exclusive benefit of Agent and the Purchasers. Seller will maintain exclusive ownership, dominion and control (subject to the terms of this Agreement) of each Lock-Box and Collection Account and shall not grant the right to take dominion and control or establish “control” (within the meaning of Section 9-104 of the UCC of all applicable jurisdictions) of any Lock-Box or Collection Account at a future time or upon the occurrence of a future event to any Person, except to Agent as contemplated by this Agreement. With respect to each Collection Account, each Seller Party shall take all steps necessary to ensure that Agent

has “control” (within the meaning of Section 9-104 of the UCC of all applicable jurisdictions) over each such Collection Account.

(k) Taxes. Such Seller Party will file all tax returns and reports required by law to be filed by it and will promptly pay all taxes and governmental charges at any time owing. Seller will pay when due any taxes payable in connection with the Receivables, exclusive of taxes on or measured by income or gross receipts of any Conduit, Agent or any Financial Institution.

(l) Insurance. Seller will maintain in effect, or cause to be maintained in effect, at Seller’s own expense, such casualty and liability insurance as Seller shall deem appropriate in its good faith business judgment. Agent, for the benefit of the Purchasers, shall be named as an additional insured with respect to all such liability insurance maintained by Seller. Seller will pay or cause to be paid, the premiums therefor and deliver to Agent evidence satisfactory to Agent of such insurance coverage. Copies of each policy shall be furnished to Agent and any Purchaser in certificated form upon Agent’s or such Purchaser’s request. The foregoing requirements shall not be construed to negate, reduce or modify, and are in addition to, Seller’s obligations hereunder.

(m) Payments to Originators. With respect to any Receivable purchased by Seller from any Originator, such sale shall be effected under, and in strict compliance with the terms of, the Receivables Sale Agreement, including, without limitation, the terms relating to the amount and timing of payments to be made to such Originator in respect of the purchase price for such Receivable.

(n) Federal Assignment of Claims Act; Etc. If requested by the Agent following the occurrence of an Amortization Event, prepare and make any filings under the Federal Assignment of Claims Act (or any other similar applicable law) with respect to Government Receivables, that are necessary or desirable in order for the Agent to enforce such Government Receivable against the Obligor thereof.

(o) Product Return Estimate. Include in each Monthly Report delivered to Agent and each Purchaser Agent, the Product Return Estimate for the then outstanding Receivables as of the Cut-Off Date for the prior Fiscal Month, including the specific amounts related to each applicable Obligor. The Product Return Estimate shall be calculated by the Servicer, on behalf of the Seller, in the ordinary course based on the Dilution then expected to occur with respect to the then outstanding Receivables solely as a result of product returns and as reasonably determined by the Servicer. Additionally, the Servicer shall deliver such other information and reports reasonably requested by the Agent or any Purchaser Agent with respect to the Product Return Estimate, including a comparison of the Product Return Estimate to the actual Dilution with respect to product returns, in form and substance reasonably satisfactory to the Agent.

(p) Anti-Corruption Laws, Anti-Terrorism Laws and Sanctions. Such Seller Party will cause policies and procedures to be maintained and enforced by or on behalf of such Seller Party that are designed to promote and achieve compliance, by the Seller Parties and

each of their Subsidiaries, Affiliates and their respective directors, officers, employees and agents with Anti-Corruption Laws, Anti-Terrorism Laws and Sanctions.

(q) Beneficial Ownership Rule. Promptly following any change that would result in a change to the status of the Seller as an excluded “Legal Entity Customer” under the Beneficial Ownership Rule, the Seller shall execute and deliver to the Agent a Certification of Beneficial Owner(s) complying with the Beneficial Ownership Rule, in form and substance reasonably acceptable to the Agent.

Section 7.2 Negative Covenants of The Seller Parties. Until the date on which the Aggregate Unpays have been indefeasibly paid in full and this Agreement terminates in accordance with its terms, each Seller Party hereby covenants, as to itself, that:

(a) Name Change, Offices and Records. Such Seller Party will not change its name, jurisdiction of organization, identity or organizational structure (within the meaning of Sections 9-503 and/or 9-507 of the UCC of all applicable jurisdictions) or relocate its chief executive office, principal place of business or any office where Records are kept unless it shall have: (i) given Agent and each Purchaser Agent at least forty-five (45) days’ prior written notice thereof and (ii) delivered to Agent all financing statements, instruments, opinions and other documents requested by Agent and each Purchaser Agent in connection with such change or relocation; provided, however, that the Seller shall not change its jurisdiction of organization without the prior written consent of the Agent.

(b) Change in Payment Instructions to Obligors. Except as may be required by Agent pursuant to Section 8.2(b), such Seller Party will not add or terminate any bank as a Collection Bank, or make any change in the instructions to Obligors regarding payments to be made to any Lock-Box or Collection Account, unless Agent and each Purchaser Agent shall have received, at least ten (10) days before the proposed effective date therefor, (i) written notice of such addition, termination or change and (ii) with respect to the addition of a Collection Bank or a Collection Account or Lock-Box, an executed Collection Account Agreement with respect to the new Collection Account or Lock-Box; provided, however, that Servicer may make changes in instructions to Obligors regarding payments if such new instructions require such Obligor to make payments to another existing Collection Account.

(c) Modifications to Contracts and Credit and Collection Policy. Such Seller Party will not make any change to the Credit and Collection Policy that could adversely affect the collectability of the Receivables or decrease the credit quality of any newly created Receivables. Except as provided in Section 8.2(d), Servicer will not extend, amend or otherwise modify the terms of any Receivable or any Contract related thereto other than in accordance with the Credit and Collection Policy.

(d) Sales, Liens. Seller will not sell, assign (by operation of law or otherwise) or otherwise dispose of, or grant any option with respect to, or create or suffer to exist any Adverse Claim upon (including, without limitation, the filing of any financing statement) or with respect to, any Receivable, Related Security or Collections, or upon or with respect to any Contract under which any Receivable arises, or any Lock-Box or Collection Account, or assign

any right to receive income with respect thereto (other than, in each case, the creation of the interests therein in favor of Agent and the Purchasers provided for herein), and Seller will defend the right, title and interest of Agent and the Purchasers in, to and under any of the foregoing property, against all claims of third parties claiming through or under Seller or any Originator. Seller will not create or suffer to exist any mortgage, pledge, security interest, encumbrance, lien, charge or other similar arrangement on any of its inventory, the financing or lease of which gives rise to any Receivable.

(e) Net Portfolio Balance. At no time prior to the Amortization Date shall Seller permit the Net Portfolio Balance to be less than an amount equal to the sum of (i) the Aggregate Capital plus (ii) the Required Reserves, in each case, at such time.

(f) Termination Date Determination. Seller will not designate the Purchase Termination Date (as defined in the Receivables Sale Agreement), or send any written notice to any Originator in respect thereof, without the prior written consent of Agent and each Purchaser Agent, except with respect to the occurrence of such Purchase Termination Date arising pursuant to Section 5.1(d) of the Receivables Sale Agreement.

(g) Restricted Junior Payments. From and after the occurrence of any Amortization Event, Seller will not make any Restricted Junior Payment if, after giving effect thereto, Seller would fail to meet its obligations set forth in Section 7.2(e).

(h) Collections. No Seller Party will deposit or otherwise credit, or cause or permit to be so deposited or credited, to any Collection Account cash or cash proceeds other than Collections. Except as may be required by Agent pursuant to the last sentence of Section 8.2(b), no Seller Party will deposit or otherwise credit, or cause or permit to be so deposited or credited, any Collections or proceeds thereof to any lock-box account or to any other account not covered by a Collection Account Agreement.

(i) Change in Product Return Estimate. The Servicer will not make any material change in the methodology used to calculate the Product Return Estimate without the prior written consent of the Agent and each Purchaser Agent.

(j) Anti-Corruption Laws, Anti-Terrorism Laws and Sanctions. No Seller Party will request any Purchase, and shall procure that its respective Subsidiaries, Affiliates, directors, officers, employees and agents shall not use, the proceeds of any Purchase (A) in furtherance of an offer, payment, promise to pay, or authorization of the payment or giving of money, or anything else of value, to any Person in violation of any Anti-Corruption Laws or Anti-Terrorism Laws, (B) for the purpose of funding or financing any activities, business or transaction of or with any Sanctioned Person, or in any Sanctioned Country, in each case to the extent doing so would violate any Sanctions, or (C) in any other manner that would result in liability to any Person under any applicable Sanctions or result in the violation of any Anti-Corruption Laws, Anti-Terrorism Laws or Sanctions.

(k) Evading and Avoiding. No Seller Party will engage in, or permit any of its Subsidiaries, Affiliates or any director, officer, employee, agent or other Person acting

on behalf of such Seller Party or any of its Subsidiaries in any capacity in connection with or directly benefitting from the Agreement to engage in, or to conspire to engage in, any transaction that evades or avoids, or has the purpose of evading or avoiding, or attempts to violate, any of the prohibitions set forth in any Anti-Corruption Laws, Anti-Terrorism Laws and Sanctions.

ARTICLE VIII

ADMINISTRATION AND COLLECTION

Section 8.1 Designation of Servicer. (a) The servicing, administration and collection of the Receivables on behalf of Agent and the Purchasers shall be conducted by such Person (the “**Servicer**”) so designated from time to time in accordance with this Section 8.1. PDSI is hereby designated as, and hereby agrees to perform the duties and obligations of, Servicer for Agent and the Purchasers pursuant to the terms of this Agreement. Agent (on behalf of the Purchasers) may, and at the direction of the Required Purchasers shall, at any time following the occurrence of an Amortization Event designate as Servicer any Person to succeed PDSI or any successor Servicer.

(b) Without the prior written consent of Agent and the Required Purchasers, PDSI shall not be permitted to delegate any of its duties or responsibilities as Servicer to any Person other than (i) an Originator (with respect to Receivables originated by such Originator), (ii) Seller and (iii) with respect to certain Charged-Off Receivables, outside collection agencies and lawyers in accordance with its customary practices. None of Seller or any Originator shall be permitted to further delegate to any other Person any of the duties or responsibilities of Servicer delegated to it by PDSI. If at any time Agent shall designate as Servicer any Person other than PDSI, all duties and responsibilities theretofore delegated by PDSI to Seller and any Originator may, at the discretion of Agent, be terminated forthwith on notice given by Agent to PDSI and to Seller.

(c) Notwithstanding the foregoing subsection (b), (i) PDSI shall be and remain primarily liable to Agent, the Purchaser Agents and the Purchasers for the full and prompt performance of all duties and responsibilities of Servicer hereunder and (ii) Agent, the Purchaser Agents and the Purchasers shall be entitled to deal exclusively with PDSI in matters relating to the discharge by Servicer of its duties and responsibilities hereunder. Agent, the Purchaser Agents and the Purchasers shall not be required to give notice, demand or other communication to any Person other than PDSI in order for communication to Servicer and its sub-servicer or other delegate with respect thereto to be accomplished. PDSI, at all times that it is Servicer, shall be responsible for providing any sub-servicer or other delegate of Servicer with any notice given to Servicer under this Agreement.

Section 8.2 Duties of Servicer. (a) Servicer shall take or cause to be taken all such actions as may be necessary or advisable to collect each Receivable from time to time, all in accordance with applicable laws, rules and regulations, with reasonable care and diligence, and in accordance with the Credit and Collection Policy.

(b) Servicer will instruct all Obligors to pay all Collections either (i) directly to a Collection Account by means of an automatic electronic funds transfer, wire transfer or otherwise or (ii) directly to a Lock-Box. Servicer shall cause any payments made by means of automatic electronic funds transfer to be deposited directly into a Collection Account from each Obligor's relevant account. Servicer shall effect a Collection Account Agreement with each bank party to a Collection Account at any time. In the case of any remittances received in any Lock-Box or Collection Account that shall have been identified, to the satisfaction of Servicer, to not constitute Collections or other proceeds of the Receivables or the Related Security, Servicer shall promptly remit such items to the Person identified to it as being the owner of such remittances. From and after the date Agent delivers a Collection Notice to any Collection Bank pursuant to Section 8.3, Agent may request that Servicer, and Servicer thereupon promptly shall instruct all Obligors with respect to the Receivables, to remit all payments thereon to a new lock-box or depository account specified by Agent and, at all times thereafter, Seller and Servicer shall not deposit or otherwise credit, and shall not permit any other Person to deposit or otherwise credit to such new lock-box, post office box or depository account any cash or payment item other than Collections.

(c) Servicer shall administer the Collections in accordance with the procedures described herein and in Article II. Servicer shall set aside and hold in trust for the benefit of the Purchasers, the Collections in accordance with Article II. Servicer shall, upon the request of Agent, segregate, in a manner acceptable to Agent, all cash, checks and other instruments received by it from time to time constituting Collections from the general funds of Servicer or Seller prior to the remittance thereof in accordance with Article II. If Servicer shall be required to segregate Collections pursuant to the preceding sentence, Servicer shall segregate and deposit with a bank designated by Agent such allocable share of Collections of Receivables set aside for the Purchasers on the first Business Day following receipt by Servicer of such Collections, duly endorsed or with duly executed instruments of transfer.

(d) Servicer may, in accordance with the Credit and Collection Policy, extend the maturity of any Receivable or adjust the Outstanding Balance of any Receivable as Servicer determines to be appropriate to maximize Collections thereof; provided, however, that such extension or adjustment shall not alter the status of such Receivable as a Defaulted Receivable or Charged-Off Receivable or limit the rights of Agent, the Purchaser Agents or the Purchasers under this Agreement. Notwithstanding anything to the contrary contained herein, Agent shall have the absolute and unlimited right to direct Servicer to commence or settle any legal action with respect to any Receivable or to foreclose upon or repossess any Related Security.

(e) Servicer shall hold in trust for Agent on behalf of the Purchasers all Records that (i) evidence or relate to the Receivables, the related Contracts and Related Security or (ii) are otherwise necessary or desirable to collect the Receivables and shall, as soon as practicable upon demand of Agent, deliver or make available to Agent all such Records, at a place selected by Agent. Servicer shall, as soon as practicable following receipt thereof turn over to Seller any cash collections or other cash proceeds received with respect to Indebtedness not constituting Receivables. Servicer shall, from time to time at the request of any Purchaser,

furnish to the Purchasers (promptly after any such request) a calculation of the amounts set aside for the Purchasers pursuant to Article II.

(f) Any payment by an Obligor in respect of any Indebtedness or other liability owed by it to the applicable Originator or Seller shall, except as otherwise specified by such Obligor or otherwise required by contract or law and unless otherwise instructed by Agent, be applied as a Collection of any Receivable of such Obligor (starting with the oldest such Receivable) to the extent of any amounts then due and payable thereunder before being applied to any other receivable or other obligation of such Obligor.

Section 8.3 Collection Notices. Agent is authorized at any time after the occurrence of an Amortization Event to date and to deliver to the Collection Banks the Collection Notices. Seller hereby transfers to Agent for the benefit of the Purchasers, effective when Agent delivers such notices, the dominion and control and “control” (within the meaning of Section 9-104 of the UCC of all applicable jurisdictions) of each Lock-Box, each Collection Account and the amounts on deposit therein. In case any authorized signatory of Seller whose signature appears on a Collection Account Agreement shall cease to have such authority before the delivery of such notice, such Collection Notice shall nevertheless be valid as if such authority had remained in force. Seller hereby authorizes Agent, and agrees that Agent shall be entitled to (i) endorse Seller’s name on checks and other instruments representing Collections, (ii) enforce the Receivables, the related Contracts and the Related Security and (iii) take such action as shall be necessary or desirable to cause all cash, checks and other instruments constituting Collections of Receivables to come into the possession of Agent rather than Seller.

Section 8.4 Responsibilities of Seller. Anything herein to the contrary notwithstanding, the exercise by Agent, the Purchaser Agents and the Purchasers of their rights hereunder shall not release Servicer, any Originator or Seller from any of their duties or obligations with respect to any Receivables or under the related Contracts. The Purchasers shall have no obligation or liability with respect to any Receivables or related Contracts, nor shall any of them be obligated to perform the obligations of Seller.

Section 8.5 Reports. Servicer shall prepare and forward to Agent and each Purchaser Agent (i) three Business Days prior to each Settlement Date and at such times as Agent or any Purchaser Agent shall request, a Monthly Report and (ii) at such times as Agent or any Purchaser Agent shall request, a listing by Obligor of all Receivables together with an aging of such Receivables. Unless otherwise requested by Agent or any Purchaser Agent, all computations in such Monthly Report shall be made as of the close of business on the last day of the Accrual Period preceding the date on which such Monthly Report is delivered.

Section 8.6 Servicing Fees. In consideration of PDSI’s agreement to act as Servicer hereunder, the Purchasers hereby agree that, so long as PDSI shall continue to perform as Servicer hereunder, PDSI shall be paid a fee (the “**Servicing Fee**”) in accordance with the priority of payments set forth in Sections 2.2(b) and 2.3, as applicable, on the 19th calendar day of each month (or, if such day is not a Business Day, then the next Business Day thereafter), in arrears for the immediately preceding Fiscal Month, equal to the Servicing Fee Rate of the average Net Portfolio Balance during such period, as compensation for its servicing activities.

ARTICLE IX

AMORTIZATION EVENTS

Section 9.1 Amortization Events. The occurrence of any one or more of the following events shall constitute an “*Amortization Event*”:

(a) Any Seller Party shall fail (i) to make any payment or deposit required hereunder when due, or (ii) to perform or observe any term, covenant or agreement hereunder (other than as referred to in clause (i) of this paragraph (a) and Section 9.1(e)) or any other Transaction Document and such failure shall continue for seven (7) consecutive Business Days.

(b) Any representation, warranty, certification or statement made by any Seller Party in this Agreement, any other Transaction Document or in any other document delivered pursuant hereto or thereto shall prove to have been incorrect in any material respect when made or deemed made.

(c) Failure of Seller to pay any Indebtedness when due or the failure of any other Seller Party to pay Indebtedness when due in excess of \$10,000,000; or the default by any Seller Party in the performance of any term, provision or condition contained in any agreement under which any such Indebtedness was created or is governed, the effect of which is to cause, or to permit the holder or holders of such Indebtedness to cause, such Indebtedness to become due prior to its stated maturity; or any such Indebtedness of any Seller Party shall be declared to be due and payable or required to be prepaid (other than by a regularly scheduled payment) prior to the date of maturity thereof.

(d) (i) Any Seller Party, the Performance Provider or any of their respective Subsidiaries shall generally not pay its debts as such debts become due or shall admit in writing its inability to pay its debts generally or shall make a general assignment for the benefit of creditors; or (ii) any proceeding shall be instituted by or against any Seller Party, the Performance Provider or any of their respective Subsidiaries seeking to adjudicate it bankrupt or insolvent, or seeking liquidation, winding up, reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors, or seeking the entry of an order for relief or the appointment of a receiver, trustee or other similar official for it or any substantial part of its property, and solely in the case of Servicer and the Performance Provider and a proceeding instituted against (and not by) such Person, such proceeding is not dismissed within 60 days; or (iii) any Seller Party, the Performance Provider or any of their respective Subsidiaries shall take any corporate or other action to authorize any of the actions set forth in clauses (i) or (ii) above in this subsection (d).

(e) Seller shall fail to comply with the terms of Section 2.6.

(f) As at the end of any Fiscal Month:

(i) the average of the Losses-to-Liquidation Ratio for such Fiscal Month and each of the two immediately preceding Fiscal Months shall exceed 1.0%,

(ii) the average of the Default Ratio for such Fiscal Month and each of the two immediately preceding Fiscal Months shall exceed 4.5%, or

(iii) the average of the Dilution Ratio for such Fiscal Month and each of the two immediately preceding Fiscal Months shall exceed 5.0%,

(g) A Change of Control shall occur.

(h) [Reserved].

(i) (i) One or more final judgments for the payment of money shall be entered against Seller or (ii) one or more final judgments for the payment of money in an amount in excess of \$10,000,000, individually or in the aggregate, shall be entered against Servicer on claims not covered by insurance or as to which the insurance carrier has denied its responsibility, and such judgment shall continue unsatisfied and in effect for fifteen (15) consecutive days without a stay of execution.

(j) The "Purchase Termination Date" or any "Purchase Termination Event" under and as defined in the Receivables Sale Agreement shall occur under the Receivables Sale Agreement or any Originator shall for any reason cease to transfer, or cease to have the legal capacity to transfer, or otherwise be incapable of transferring Receivables to Seller under the Receivables Sale Agreement; or Seller shall for any reason cease to purchase, or cease to have the legal capacity to purchase, or otherwise be incapable of accepting Receivables from any Originator under the Receivables Sale Agreement.

(k) This Agreement shall terminate in whole or in part (except in accordance with its terms), or shall cease to be effective or to be the legally valid, binding and enforceable obligation of Seller, or any Obligor shall directly or indirectly contest in any manner such effectiveness, validity, binding nature or enforceability, or Agent for the benefit of the Purchasers shall cease to have a valid and perfected ownership or first priority perfected security interest in the Receivables, the Related Security and the Collections with respect thereto and the Collection Accounts.

(l) [Reserved].

(m) [Reserved].

(n) As determined commencing with fiscal quarter ending January 27, 2018, PDCo's Leverage Ratio shall exceed the applicable amount set forth in Section 6.20 of the Credit Agreement as of any applicable period(s) or date(s) set forth in Section 6.20 of the Credit Agreement.

(o) Performance Provider shall fail to perform or observe any term, covenant or agreement required to be performed by it under the Performance Undertaking, or the Performance Undertaking shall cease to be effective or to be the legally valid, binding and enforceable obligation of Performance Provider, or Performance Provider shall directly or indirectly contest in any manner such effectiveness, validity, binding nature or enforceability.

(p) As determined commencing with fiscal quarter ending July 28, 2018, PDCo's Interest Expense Coverage Ratio shall be less than the applicable amount set forth in Section 6.21 of the Credit Agreement as of any applicable period(s) or date(s) set forth in Section 6.21 of the Credit Agreement.

(q) Any Person shall be appointed as an Independent Governor of Seller without prior notice thereof having been given to Agent in accordance with Section 7.1(b)(vii) or without the written acknowledgement by Agent that such Person conforms, to the satisfaction of Agent, with the criteria set forth in the definition herein of "Independent Governor."

(r) Seller shall fail to pay in full all of its Obligations to Agent and the Purchasers hereunder and under each other Transaction Document on or prior to the Legal Maturity Date.

Section 9.2 Remedies. Upon the occurrence and during the continuation of an Amortization Event, Agent may, or upon the direction of the Required Purchasers shall, take any of the following actions: (i) replace the Person then acting as Servicer, (ii) declare the Amortization Date to have occurred, whereupon the Amortization Date shall forthwith occur, without demand, protest or further notice of any kind, all of which are hereby expressly waived by each Seller Party; provided, however, that upon the occurrence of an Amortization Event described in Section 9.1(d), or of an actual or deemed entry of an order for relief with respect to any Seller Party under the Federal Bankruptcy Code or under any other applicable bankruptcy, insolvency, arrangement, moratorium or similar laws of any other jurisdiction (foreign or domestic), the Amortization Date shall automatically occur, without demand, protest or any notice of any kind, all of which are hereby expressly waived by each Seller Party, (iii) to the fullest extent permitted by applicable law, declare that the Default Fee shall accrue with respect to any of the Aggregate Unpaid outstanding at such time, (iv) deliver the Collection Notices to the Collection Banks and (v) notify Obligors of the Purchasers' interest in the Receivables. The aforementioned rights and remedies shall be without limitation, and shall be in addition to all other rights and remedies of Agent, the Purchaser Agents and the Purchasers otherwise available under any other provision of this Agreement, by operation of law, at equity or otherwise, all of which are hereby expressly preserved, including, without limitation, all rights and remedies provided under the UCC, all of which rights shall be cumulative.

ARTICLE X

INDEMNIFICATION

Section 10.1 Indemnities by The Seller Parties. Without limiting any other rights that Agent, any Purchaser Agent, any Funding Source, any Purchaser or any of their respective Affiliates may have hereunder or under applicable law, (A) Seller hereby agrees to indemnify (and pay upon demand to) Agent, each Purchaser Agent, each Funding Source, each Purchaser and their respective Affiliates, successors, assigns, officers, directors, agents and employees (each an “*Indemnified Party*”) from and against any and all damages, losses, claims, taxes, liabilities, costs, expenses and for all other amounts payable, including reasonable attorneys’ fees (which attorneys may be employees of any Indemnified Party) and disbursements (all of the foregoing being collectively referred to as “*Indemnified Amounts*”) awarded against or incurred by any of them arising out of or as a result of this Agreement, or the use of the proceeds of any Purchase hereunder, or the acquisition, funding or ownership either directly or indirectly, by any Indemnified Party of an interest in the Asset Portfolio, Receivables, or any Receivable or any Contract or any Related Security, or any action or inaction of any Seller Party, and (B) Servicer hereby agrees to indemnify (and pay upon demand to) each Indemnified Party for Indemnified Amounts awarded against or incurred by any of them arising out of Servicer’s activities as Servicer hereunder excluding, however, in all of the foregoing instances under the preceding clauses (A) and (B):

(x) Indemnified Amounts to the extent a final judgment of a court of competent jurisdiction holds that such Indemnified Amounts resulted from gross negligence or willful misconduct on the part of the Indemnified Party seeking indemnification;

(y) Indemnified Amounts to the extent the same includes losses in respect of Receivables that are uncollectible on account of the insolvency, bankruptcy or lack of creditworthiness of the related Obligor; or

(z) taxes imposed by the jurisdiction in which such Indemnified Party’s principal executive office is located, on or measured by the overall net income of such Indemnified Party to the extent that the computation of such taxes is consistent with the characterization for income tax purposes of the acquisition by the Purchasers of the Asset Portfolio as a loan or loans by the Purchasers to Seller secured by the Receivables, the Related Security, the Collection Accounts and the Collections;

provided, however, that nothing contained in this sentence shall limit the liability of any Seller Party or limit the recourse of the Purchasers to any Seller Party for amounts otherwise specifically provided to be paid by such Seller Party under the terms of this Agreement. Without limiting the generality of the foregoing indemnification, Seller shall indemnify each Indemnified Party for Indemnified Amounts (including, without limitation, losses in respect of uncollectible receivables, regardless of whether reimbursement therefor would constitute recourse to Seller or Servicer) relating to or resulting from:

(i) any representation or warranty made by any Seller Party, any Originator or Performance Provider (or any officers of any such Person) under or in connection with this Agreement, any other Transaction Document or any other

information or report delivered by any such Person pursuant hereto or thereto, which shall have been false or incorrect when made or deemed made;

(ii) the failure by Seller, Servicer or any Originator to comply with any applicable law, rule or regulation with respect to any Receivable or Contract related thereto, or the nonconformity of any Receivable or Contract included therein with any such applicable law, rule or regulation or any failure of any Originator to keep or perform any of its obligations, express or implied, with respect to any Contract;

(iii) any failure of Seller, Servicer, any Originator or Performance Provider to perform its duties, covenants or other obligations in accordance with the provisions of this Agreement or any other Transaction Document;

(iv) any products liability, personal injury or damage suit, or other similar claim arising out of or in connection with merchandise, insurance or services that are the subject of any Contract or any Receivable;

(v) any dispute, claim, offset or defense (other than discharge in bankruptcy of the Obligor) of the Obligor to the payment of any Receivable (including, without limitation, a defense based on such Receivable or the related Contract not being a legal, valid and binding obligation of such Obligor enforceable against it in accordance with its terms), or any other claim resulting from the sale of the merchandise or service related to such Receivable or the furnishing or failure to furnish such merchandise or services;

(vi) the commingling of Collections of Receivables at any time with other funds (including collections of Excluded Receivables);

(vii) any investigation, litigation or proceeding related to or arising from this Agreement or any other Transaction Document, the transactions contemplated hereby, the use of the proceeds of a Purchase, the ownership of the Asset Portfolio (or any portion thereof) or any other investigation, litigation or proceeding relating to Seller, Servicer or any Originator in which any Indemnified Party becomes involved as a result of any of the transactions contemplated hereby;

(viii) any inability to litigate any claim against any Obligor in respect of any Receivable as a result of such Obligor being immune from civil and commercial law and suit on the grounds of sovereignty or otherwise from any legal action, suit or proceeding;

(ix) any Amortization Event described in Section 9.1(d);

(x) any failure of Seller to acquire and maintain legal and equitable title to, and ownership of, any Receivable and the Related Security and Collections with respect thereto from any Originator, free and clear of any Adverse Claim (other than as created hereunder); or any failure of Seller to give reasonably equivalent

value to any Originator under the Receivables Sale Agreement in consideration of the transfer by such Originator of any Receivable, or any attempt by any Person to void such transfer under statutory provisions or common law or equitable action;

(xi) any failure to vest and maintain vested in Agent for the benefit of the Purchasers, or to transfer to Agent for the benefit of the Purchasers, legal and equitable title to, and ownership of, or a valid and perfected first priority security interest in, the Asset Portfolio, free and clear of any Adverse Claim (except as created by the Transaction Documents);

(xii) the failure to have filed, or any delay in filing, financing statements or other similar instruments or documents under the UCC of any applicable jurisdiction or other applicable laws with respect to any Receivable, the Related Security and Collections with respect thereto, and the proceeds of any thereof, whether at the time of any Purchase or at any subsequent time;

(xiii) any action or omission by any Seller Party which reduces or impairs the rights of Agent or the Purchasers with respect to any Receivable or the value of any such Receivable;

(xiv) any attempt by any Person to void any Purchase under statutory provisions or common law or equitable action;

(xv) the failure of any Receivable included in the calculation of the Net Portfolio Balance as an Eligible Receivable to be an Eligible Receivable at the time so included; and

(xvi) any civil penalty or fine assessed by OFAC or any other governmental authority administering any Anti-Terrorism Law, Anti-Corruption Law or Sanctions, and all reasonable costs and expenses (including reasonable documented legal fees and disbursements) incurred in connection with defense thereof by, any Indemnified Party in connection with the Transaction Documents as a result of any action of the Seller or any of its respective Affiliates.

Section 10.2 Increased Cost and Reduced Return. (a) If any Regulatory Change (i) subjects any Purchaser or any Funding Source to any charge or withholding on or with respect to any Funding Agreement or this Agreement or a Purchaser's or Funding Source's obligations under a Funding Agreement or this Agreement, or on or with respect to the Receivables, or changes the basis of taxation of payments to any Purchaser or any Funding Source of any amounts payable under any Funding Agreement or this Agreement (except for changes in the rate of tax on the overall net income of a Purchaser or Funding Source or taxes excluded by Section 10.1) or (ii) imposes, modifies or deems applicable any reserve, assessment, fee, tax, insurance charge, special deposit or similar requirement against assets of, deposits with or for the account of, or liabilities of a Funding Source or a Purchaser, or credit extended by a Funding Source or a Purchaser pursuant to a Funding Agreement or this Agreement or (iii) imposes any other condition the result of which is to increase the cost to a Funding Source or a Purchaser of

performing its obligations under a Funding Agreement or this Agreement, or to reduce the rate of return on a Funding Source's or Purchaser's capital as a consequence of its obligations under a Funding Agreement or this Agreement, or to reduce the amount of any sum received or receivable by a Funding Source or a Purchaser under a Funding Agreement or this Agreement, or to require any payment calculated by reference to the amount of interests or loans held or interest received by it, then, upon demand by Agent, Seller shall pay to Agent, for the benefit of the relevant Funding Source or Purchaser, such amounts charged to such Funding Source or Purchaser or such amounts to otherwise compensate such Funding Source or such Purchaser for such increased cost or such reduction.

(b) A certificate of the applicable Purchaser or Funding Source setting forth the amount or amounts necessary to compensate such Purchaser or Funding Source pursuant to paragraph (a) of this Section 10.2 shall be delivered to Seller and shall be conclusive absent manifest error.

(c) If any Purchaser or any Funding Source has or anticipates having any claim for compensation from Seller pursuant to clause (iii) of the definition of Regulatory Change, and such Purchaser or Funding Source believes that having the Facility publicly rated by one credit rating agency would reduce the amount of such compensation by an amount deemed by such Purchaser or Funding Source to be material, such Purchaser or Funding Source shall provide written notice to Seller and Servicer (a "**Ratings Request**") that such Purchaser or Funding Source intends to request a public rating of the Facility from one credit rating agency selected by such Purchaser or Funding Source and reasonably acceptable to Seller, of at least AA equivalent (the "**Required Rating**"). Seller and Servicer agree that they shall cooperate with such Purchaser's or Funding Source's efforts to obtain the Required Rating, and shall provide the applicable credit rating agency (either directly or through distribution to Agent, Purchaser or Funding Source), any information requested by such credit rating agency for purposes of providing and monitoring the Required Rating. Seller shall pay the initial fees payable to the credit rating agency for providing the rating and all ongoing fees payable to the credit rating agency for their continued monitoring of the rating. Nothing in this Section 10.2(c) shall preclude any Purchaser or Funding Source from demanding compensation from Seller pursuant to Section 10.2(a) hereof at any time and without regard to whether the Required Rating shall have been obtained, or shall require any Purchaser or Funding Source to obtain any rating on the Facility prior to demanding any such compensation from Seller.

Section 10.3 Other Costs and Expenses. Seller shall reimburse Agent, each Purchaser Agent and each Conduit on demand for all costs and out-of-pocket expenses in connection with the preparation, negotiation, arrangement, execution, delivery, enforcement and administration of this Agreement, the transactions contemplated hereby and the other documents to be delivered hereunder, including without limitation, the cost of any Conduit's auditors auditing the books, records and procedures of Seller, reasonable fees and out-of-pocket expenses of legal counsel for any Conduit, any Purchaser Agent and/or Agent (which such counsel may be employees of any Conduit, any Purchaser Agent or Agent) with respect thereto and with respect to advising any Conduit, any Purchaser Agent and/or Agent as to their respective rights and remedies under this Agreement. Seller shall reimburse Agent and each Purchaser Agent on

demand for any and all costs and expenses of Agent, the Purchaser Agents and the Purchasers, if any, including reasonable counsel fees and expenses in connection with the enforcement of this Agreement and the other documents delivered hereunder and in connection with any restructuring or workout of this Agreement or such documents, or the administration of this Agreement following an Amortization Event. Seller shall reimburse each Conduit on demand for all other costs and expenses incurred by such Conduit (“**Other Costs**”), including, without limitation, the cost of auditing such Conduit’s books by certified public accountants, the cost of rating the Commercial Paper of such Conduit by independent financial rating agencies, and the reasonable fees and out-of-pocket expenses of counsel for such Conduit or any counsel for any shareholder of such Conduit with respect to advising such Conduit or such shareholder as to matters relating to such Conduit’s operations.

Section 10.4 Allocations. Each Conduit shall allocate the liability for Other Costs among Seller and other Persons with whom such Conduit has entered into agreements to purchase interests in receivables (“**Other Sellers**”). If any Other Costs are attributable to Seller and not attributable to any Other Seller, Seller shall be solely liable for such Other Costs. However, if Other Costs are attributable to Other Sellers and not attributable to Seller, such Other Sellers shall be solely liable for such Other Costs. All allocations to be made pursuant to the foregoing provisions of this Article X shall be made by the applicable Conduit in its sole and absolute discretion and shall be binding on Seller and Servicer.

Section 10.5 Accounting Based Consolidation Event. Upon demand by Agent, Seller shall pay to Agent, for the benefit of the relevant Funding Source, such amounts as such Funding Source reasonably determines will compensate or reimburse such Funding Source for any (i) fee, expense or increased cost charged to, incurred or otherwise suffered by such Funding Source, (ii) reduction in the rate of return on such Funding Source’s capital or reduction in the amount of any sum received or receivable by such Funding Source or (iii) internal capital charge or other imputed cost determined by such Funding Source to be allocable to Seller or the transactions contemplated in this Agreement, in each case resulting from or in connection with the consolidation, for financial and/or regulatory accounting purposes, of all or any portion of the assets and liabilities of the Conduit, that are subject to this Agreement or any other Transaction Document with all or any portion of the assets and liabilities of a Funding Source. Amounts under this Section 10.5 may be demanded at any time without regard to the timing of issuance of any financial statement by the Conduit or by any Funding Source. A certificate of the Funding Source setting forth the amount or amounts necessary to compensate such Funding Source pursuant to this Section 10.5 shall be delivered to Seller and shall be conclusive absent manifest error. Seller shall pay such Funding Source the amount as due on any such certificate on the next Settlement Date following receipt of such notice.

Section 10.6 Required Rating. Agent shall have the right at any time to request that a public rating of the Facility of at least the Required Rating be obtained from one credit rating agency acceptable to Agent. Each of Seller and Servicer agree that they shall cooperate with Agent’s efforts to obtain the Required Rating, and shall provide Agent, for distribution to the applicable credit rating agency, any information requested by such credit rating agency for purposes of providing the Required Rating. Any Ratings Request shall be in writing, and if the

Required Rating is not obtained within 60 days following the date of such Ratings Request (unless the failure to obtain the Required Rating is solely the result of Agent's failure to provide the credit rating agency with sufficient information to permit the credit rating agency to perform their analysis, and is not the result of Seller or Servicer's failure to cooperate or provide sufficient information to Agent), (i) upon written notice by Agent to Seller, the Amortization Date shall occur, and (ii) outstanding Capital shall thereafter incur the Default Fee and costs associated with obtaining the Required Rating hereunder shall be paid by Seller or Servicer.

ARTICLE XI

AGENT

Section 11.1 Authorization and Action. Each Purchaser hereby designates and appoints MUFG to act as its agent hereunder and under each other Transaction Document, and authorizes Agent to take such actions as agent on its behalf and to exercise such powers as are delegated to Agent by the terms of this Agreement and the other Transaction Documents together with such powers as are reasonably incidental thereto. Agent shall not have any duties or responsibilities, except those expressly set forth herein or in any other Transaction Document, or any fiduciary relationship with any Purchaser, and no implied covenants, functions, responsibilities, duties, obligations or liabilities on the part of Agent shall be read into this Agreement or any other Transaction Document or otherwise exist for Agent. In performing its functions and duties hereunder and under the other Transaction Documents, Agent shall act solely as agent for the Purchasers and does not assume nor shall be deemed to have assumed any obligation or relationship of trust or agency with or for any Seller Party or any Purchaser Agent or any of such Seller Party's or Purchaser Agent's successors or assigns. Agent shall not be required to take any action that exposes Agent to personal liability or that is contrary to this Agreement, any other Transaction Document or applicable law. The appointment and authority of Agent hereunder shall terminate upon the indefeasible payment in full of all Aggregate Unpaid. Each Purchaser hereby authorizes Agent to authorize and file each of the Uniform Commercial Code financing or continuations statements (and amendments thereto and assignments or terminations thereof) on behalf of such Purchaser (the terms of which shall be binding on such Purchaser).

Section 11.2 Delegation of Duties. Agent may execute any of its duties under this Agreement and each other Transaction Document by or through agents or attorneys-in-fact and shall be entitled to advice of counsel concerning all matters pertaining to such duties. Agent shall not be responsible for the negligence or misconduct of any agents or attorneys-in-fact selected by it with reasonable care.

Section 11.3 Exculpatory Provisions. Neither Agent nor any of its directors, officers, agents or employees shall be (i) liable for any action lawfully taken or omitted to be taken by it or them under or in connection with this Agreement or any other Transaction Document (except for its, their or such Person's own gross negligence or willful misconduct), or (ii) responsible in any manner to any of the Purchasers for any recitals, statements, representations or warranties made by any Seller Party contained in this Agreement, any other Transaction Document or any certificate, report, statement or other document referred to or

provided for in, or received under or in connection with, this Agreement, or any other Transaction Document or for the value, validity, effectiveness, genuineness, enforceability or sufficiency of this Agreement, or any other Transaction Document or any other document furnished in connection herewith or therewith, or for any failure of any Seller Party to perform its obligations hereunder or thereunder, or for the satisfaction of any condition specified in Article VI, or for the ownership, perfection, priority, condition, value or sufficiency of any collateral pledged in connection herewith. Agent shall not be under any obligation to any Purchaser to ascertain or to inquire as to the observance or performance of any of the agreements or covenants contained in, or conditions of, this Agreement or any other Transaction Document, or to inspect the properties, books or records of the Seller Parties. Agent shall not be deemed to have knowledge of any Amortization Event or Potential Amortization Event unless Agent has received notice from Seller or a Purchaser.

Section 11.4 Reliance by Agent. Agent and each Purchaser Agent shall in all cases be entitled to rely, and shall be fully protected in relying, upon any document or conversation believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons and upon advice and statements of legal counsel (including, without limitation, counsel to any Seller Party), independent accountants and other experts selected by Agent. Agent shall in all cases be fully justified in failing or refusing to take any action under this Agreement or any other Transaction Document unless it shall first receive such advice or concurrence of the Required Purchasers or all of the Purchasers, as applicable, as it deems appropriate and it shall first be indemnified to its satisfaction by the Purchasers, provided that unless and until Agent shall have received such advice, Agent may take or refrain from taking any action, as Agent shall deem advisable and in the best interests of the Purchasers. Agent shall in all cases be fully protected in acting, or in refraining from acting, in accordance with a request of the Required Purchasers or all of the Purchasers, as applicable, and such request and any action taken or failure to act pursuant thereto shall be binding upon all the Purchasers.

Section 11.5 Non-Reliance on Agent and Other Purchasers. Each Purchaser expressly acknowledges that neither Agent, nor any of its officers, directors, employees, agents, attorneys-in-fact or affiliates has made any representations or warranties to it and that no act by Agent hereafter taken, including, without limitation, any review of the affairs of any Seller Party, shall be deemed to constitute any representation or warranty by Agent. Each Purchaser represents and warrants to Agent that it has and will, independently and without reliance upon Agent or any other Purchaser and based on such documents and information as it has deemed appropriate, made its own appraisal of and investigation into the business, operations, property, prospects, financial and other conditions and creditworthiness of each Seller Party and made its own decision to enter into this Agreement, the other Transaction Documents and all other documents related hereto or thereto.

Section 11.6 Reimbursement and Indemnification. Each Financial Institution and each Purchaser Agent agrees to reimburse and indemnify Agent and its officers, directors, employees, representatives and agents ratably based on the ratio of each such indemnifying Financial Institution's Commitment to the aggregate Commitment (or, in the case of an indemnifying Purchaser Agent, ratably based on the Commitment(s) of each Financial Institution

in such Purchaser Agent's Purchaser Group to the aggregate Commitment), to the extent not paid or reimbursed by Seller Parties (i) for any amounts for which Agent, acting in its capacity as Agent, is entitled to reimbursement by the Seller Parties hereunder and (ii) for any other expenses incurred by Agent, in its capacity as Agent and acting on behalf of the Purchasers, in connection with the administration and enforcement of this Agreement and the other Transaction Documents.

Section 11.7 Agent in its Individual Capacity. Agent and its Affiliates may make loans to, accept deposits from and generally engage in any kind of business with any Seller Party or any Affiliate of any Seller Party as though Agent were not Agent hereunder. With respect to the acquisition of the Asset Portfolio on behalf of the Purchasers pursuant to this Agreement, Agent shall have the same rights and powers under this Agreement in its individual capacity as any Purchaser and may exercise the same as though it were not Agent, and the terms "**Financial Institution**," "**Related Financial Institution**," "**Purchaser**," "**Financial Institutions**," "**Related Financial Institutions**" and "**Purchasers**" shall include Agent in its individual capacity.

Section 11.8 Successor Agent. Agent may, upon 10 Business Days' notice to Seller and the Purchasers, and Agent will, upon the direction of all of the Purchasers (other than Agent, in its individual capacity) resign as Agent. If Agent shall resign, then the Required Purchasers during such five-day period shall appoint from among the Purchasers and the Purchaser Agents a successor agent. If for any reason no successor Agent is appointed by the Required Purchasers during such five-day period, then effective upon the termination of such five-day period, the Purchasers shall perform all of the duties of Agent hereunder and under the other Transaction Documents and Seller and Servicer (as applicable) shall make all payments in respect of the Aggregate Unpays directly to the applicable Purchasers and for all purposes shall deal directly with the Purchasers. After the effectiveness of any retiring Agent's resignation hereunder as Agent, the retiring Agent shall be discharged from its duties and obligations hereunder and under the other Transaction Documents and the provisions of this Article XI and Article X shall continue in effect for its benefit with respect to any actions taken or omitted to be taken by it while it was Agent under this Agreement and under the other Transaction Documents.

ARTICLE XII

ASSIGNMENTS; PARTICIPATIONS

Section 12.1 Assignments. (a) (I) Seller, Servicer, Agent, each Purchaser Agent and each Purchaser hereby agree and consent to the complete or partial assignment by any Conduit of all or any portion of its rights under, interest in, title to and obligations under this Agreement to any Funding Source pursuant to any Funding Agreement or to any other Person, and upon such assignment, such Conduit shall be released from its obligations so assigned; provided, however, that no Conduit shall transfer, sell or assign its rights in all or any part of the Asset Portfolio at any time prior to the Amortization Date unless the RPA Deferred Purchase Price allocable to the Asset Portfolio (or such relevant portion thereof), as determined by Agent to be allocable to such assigned interest on a pro rata basis, has been paid in full or is being assumed by the applicable transferee. Further, Seller, Servicer, Agent, each Purchaser Agent and each Purchaser hereby agree that any assignee of any Conduit of this Agreement or of all or any

portion of the Asset Portfolio of any Conduit shall have all of the rights and benefits under this Agreement as if the term “Conduit” explicitly referred to and included such party (provided that (i) the Capital of any such assignee that is a Conduit or a commercial paper conduit shall accrue CP Costs based on such Conduit’s Conduit Costs or on such commercial paper conduit’s cost of funds, respectively, and (ii) the Capital of any other such assignee shall accrue Financial Institution Yield pursuant to Section 4.1), and no such assignment shall in any way impair the rights and benefits of any Conduit hereunder.

(II) Neither Seller nor Servicer shall have the right to assign its rights or obligations under this Agreement; provided, however, that Seller may assign its right to receive the RPA Deferred Purchase Price or any portion thereof, which right shall be freely assignable by Seller without the consent of Agent, any Purchaser or any Purchaser Agent so long as no Amortization Event has occurred that has not been waived in accordance with the terms hereof and the Amortization Date has not occurred, upon prior written notice of such assignment to Agent; provided, that the related assignee has agreed, in a writing in form and substance reasonably satisfactory to Agent, to (i) all of the terms and conditions hereunder in respect of payment of the RPA Deferred Purchase Price (including Section 2.7(b)), (ii) a non-petition clause in favor of each of Seller and each Conduit in substantially the form of Section 14.6 and (iii) a limitation on payment clause in favor of Agent and each Purchaser in substantially the form of Section 2.7(b).

(b) Any Financial Institution may at any time and from time to time assign to one or more Persons (“**Purchasing Financial Institutions**”) all or any part of its rights and obligations under this Agreement pursuant to an assignment agreement, substantially in the form set forth in Exhibit VII hereto (the “**Assignment Agreement**”) executed by such Purchasing Financial Institution and such selling Financial Institution; provided, however, that no Financial Institution shall transfer, sell or assign its rights in all or any part of the Asset Portfolio at any time prior to the Amortization Date unless the RPA Deferred Purchase Price allocable to the Asset Portfolio (or such relevant portion thereof), as determined by Agent to be allocable to such assigned interest on a pro rata basis, has been paid in full or is being assumed by the applicable transferee. The consent of the Conduit in such selling Financial Institution’s Purchaser Group shall be required prior to the effectiveness of any such assignment. Each assignee of a Financial Institution must (i) have a short-term debt rating of A-1 or better by S&P and P-1 by Moody’s and (ii) agree to deliver to Agent, promptly following any request therefor by Agent or the Conduit in such selling Financial Institution’s Purchaser Group, an enforceability opinion in form and substance satisfactory to Agent and such Conduit. Upon delivery of the executed Assignment Agreement to Agent, such selling Financial Institution shall be released from its obligations hereunder to the extent of such assignment. Thereafter the Purchasing Financial Institution shall for all purposes be a Financial Institution party to this Agreement and shall have all the rights and obligations of a Financial Institution (including, without limitation, the applicable obligations of a Related Financial Institution) under this Agreement to the same extent as if it were an original party hereto and no further consent or action by Seller, the Purchasers, the Purchaser Agents or Agent shall be required.

(c) Each of the Financial Institutions agrees that in the event that it shall cease to have a short-term debt rating of A-1 or better by S&P and P-1 by Moody’s (an

“**Affected Financial Institution**”), such Affected Financial Institution shall be obliged, at the request of the Conduit in such Affected Financial Institution’s Purchaser Group or Agent, to assign all of its rights and obligations hereunder to (x) another Financial Institution in such Affected Financial Institution’s Purchaser Group or (y) another funding entity nominated by Agent and acceptable to the Conduit in such Affected Financial Institution’s Purchaser Group, and willing to participate in this Agreement through the Scheduled Termination Date in the place of such Affected Financial Institution; provided that the Affected Financial Institution receives payment in full, pursuant to an Assignment Agreement, of an amount equal to such Financial Institution’s Pro Rata Share of the Aggregate Capital and Financial Institution Yield owing to the Financial Institutions in such Affected Financial Institution’s Purchaser Group and all accrued but unpaid fees and other costs and expenses payable in respect of its Pro Rata Share of the Asset Portfolio of the Financial Institutions in such Affected Financial Institution’s Purchaser Group; provided, further, that, if such assignment occurs at any time prior to the Amortization Date, the Affected Financial Institution shall (x) pay in full or (y) provide that the related Assignment Agreement requires the assignee to assume, the RPA Deferred Purchase Price allocable to the Asset Portfolio (or such relevant portion thereof), as determined by Agent to be allocable to such assigned interest on a pro rata basis.

Section 12.2 Participations. Any Financial Institution may, in the ordinary course of its business at any time sell to one or more Persons (each a “**Participant**”) participating interests in its Pro Rata Share portion of the Asset Portfolio of the Financial Institutions in such Financial Institution’s Purchaser Group or any other interest of such Financial Institution hereunder. Notwithstanding any such sale by a Financial Institution of a participating interest to a Participant, such Financial Institution’s rights and obligations under this Agreement shall remain unchanged, such Financial Institution shall remain solely responsible for the performance of its obligations hereunder, and each Seller Party, each Conduit, each other Financial Institution, each Purchaser Agent and Agent shall continue to deal solely and directly with such Financial Institution in connection with such Financial Institution’s rights and obligations under this Agreement. Each Financial Institution agrees that any agreement between such Financial Institution and any such Participant in respect of such participating interest shall not restrict such Financial Institution’s right to agree to any amendment, supplement, waiver or modification to this Agreement, except for any amendment, supplement, waiver or modification described in Section 14.1(b)(i).

Section 12.3 Federal Reserve. Notwithstanding any other provision of this Agreement to the contrary, any Financial Institution may at any time pledge or grant a security interest in all or any portion of its rights (including, without limitation, its portion of the Asset Portfolio and any rights to payment of Capital and Financial Institution Yield) under this Agreement to secure obligations of such Financial Institution to a Federal Reserve Bank, without notice to or consent of Seller or Agent; provided that no such pledge or grant of a security interest shall release a Financial Institution from any of its obligations hereunder, or substitute any such pledgee or grantee for such Financial Institution as a party hereto.

Section 12.4 Collateral Trustee. Notwithstanding any other provision of this Agreement to the contrary, any Conduit may at any time pledge or grant a security interest in all

or any portion of its rights (including, without limitation, its portion of the Asset Portfolio and any rights to payment of Capital and CP Costs) under this Agreement to secure obligations of such Conduit to a collateral trustee or security trustee under its Commercial Paper program, without notice to or consent of Seller or Agent; provided that no such pledge or grant of a security interest shall release a Conduit from any of its obligations hereunder, or substitute any such pledgee or grantee for such Conduit as a party hereto.

ARTICLE XIII

PURCHASER AGENTS

Section 13.1 Purchaser Agents. Each Purchaser Group may (but is not required to) designate and appoint a “Purchaser Agent” hereunder which Purchaser Agent shall become a party to this Agreement and shall authorize such Purchaser Agent to take such actions as agent on its behalf and to exercise such powers as are delegated to the Purchaser Agent by the terms of this Agreement and the other Transaction Documents together with such powers as are reasonably incidental thereto. Unless otherwise notified in writing to the contrary by the applicable Purchaser, Agent and the Seller Parties shall provide all notices and payments specified to be made by Agent or any Seller Party to a Purchaser hereunder to such Purchaser’s Purchaser Agent, if any, for the benefit of such Purchaser, instead of to such Purchaser. Each Purchaser Agent may perform any of the obligations of, or exercise any of the rights of, any member of its Purchaser Group and such performance or exercise shall constitute performance of the obligations of, or exercise of the rights of, such member hereunder. In performing its functions and duties hereunder and under the other Transaction Documents, each Purchaser Agent shall act solely as agent for the Purchasers in such Purchaser Agent’s Purchaser Group and does not assume nor shall be deemed to have assumed any obligation or relationship of trust or agency with or for any other Purchaser or any Seller Party or any of such Purchaser’s or Seller Party’s successors or assigns. The appointment and authority of each Purchaser Agent hereunder shall terminate upon the indefeasible payment in full of all Aggregate Unpaid. Each member of MUFG’s Purchaser Group hereby designates MUFG, and MUFG hereby agrees to perform the duties and obligations of, such Purchaser Group’s Purchaser Agent. Each member of Wells Fargo’s Purchaser Group hereby designates Wells Fargo, and Wells Fargo hereby agrees to perform the duties and obligations of, such Purchaser Group’s Purchaser Agent.

ARTICLE XIV

MISCELLANEOUS

Section 14.1 Waivers and Amendments. (a) No failure or delay on the part of Agent, any Purchaser Agent or any Purchaser in exercising any power, right or remedy under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any such power, right or remedy preclude any other further exercise thereof or the exercise of any other power, right or remedy. The rights and remedies herein provided shall be cumulative and nonexclusive of any rights or remedies provided by law. Any waiver of this Agreement shall be effective only in the specific instance and for the specific purpose for which given.

(b) No provision of this Agreement may be amended, supplemented, modified or waived except in writing in accordance with the provisions of this Section 14.1(b). Each Conduit, Seller, each Purchaser Agent and Agent, at the direction of the Required Purchasers, may enter into written modifications or waivers of any provisions of this Agreement, provided, however, that no such modification or waiver shall:

(i) without the consent of each affected Purchaser, (A) extend the Scheduled Termination Date or the date of any payment or deposit of Collections by Seller or Servicer, (B) reduce the rate or extend the time of payment of Financial Institution Yield or any CP Costs (or any component of Financial Institution Yield or CP Costs), (C) reduce any fee payable to Agent for the benefit of the Purchasers, (D) except pursuant to Article XII hereof, change the amount of the Capital of any Purchaser, any Financial Institution's Pro Rata Share, any Conduit's Pro Rata Share, any Financial Institution's Commitment or any Conduit's Conduit Purchase Limit (other than, to the extent applicable in each case, pursuant to Section 4.6 or the terms of any Funding Agreement), (E) amend, modify or waive any provision of the definition of Required Purchasers, Section 4.6, this Section 14.1(b) or Section 14.6, (F) consent to or permit the assignment or transfer by Seller of any of its rights and obligations under this Agreement, (G) change the definition of "**Eligible Receivable**," "**Excess Concentration**" "**Required Reserves**," "**Net Portfolio Balance**" "**Servicing Fee Rate**" or "**RPA Deferred Purchase Price**" or (H) amend or modify any defined term (or any defined term used directly or indirectly in such defined term) used in clauses (A) through (G) above in a manner that would circumvent the intention of the restrictions set forth in such clauses; or

(ii) without the written consent of the then Agent, amend, modify or waive any provision of this Agreement if the effect thereof is to affect the rights or duties of such Agent.

Notwithstanding the foregoing, (i) without the consent of the Purchasers, but with the consent of Seller, Agent may amend this Agreement solely to add additional Persons as Financial Institutions, Conduits and/or Purchaser Agents hereunder and (ii) Agent, the Required Purchasers and each Conduit may enter into amendments to modify any of the terms or provisions of Article XI, Article XII, Section 14.13 or any other provision of this Agreement without the consent of any Seller Party, provided that such amendment has no negative impact upon such Seller Party. Any modification or waiver made in accordance with this Section 14.1 shall apply to each of the Purchasers equally and shall be binding upon each Seller Party, the Purchaser Agents, the Purchasers and Agent.

Section 14.2 Notices. Except as provided in this Section 14.2, all communications and notices provided for hereunder shall be in writing (including bank wire, telecopy or electronic facsimile transmission or similar writing) and shall be given to the other parties hereto at their respective addresses or telecopy numbers set forth on the signature pages hereof or at such other address or telecopy number as such Person may hereafter specify for the purpose of notice to each of the other parties hereto. Each such notice or other communication shall be effective if given by telecopy, upon the receipt thereof, if given by mail, three (3) Business

Days after the time such communication is deposited in the mail with first class postage prepaid or if given by any other means, when received at the address specified in this Section 14.2. Seller hereby authorizes Agent and the Purchasers to effect Purchases and Rate Tranche Period and Discount Rate selections based on telephonic notices made by any Person whom Agent or applicable Purchaser in good faith believes to be acting on behalf of Seller. Seller agrees to deliver promptly to Agent and each applicable Purchaser a written confirmation of each telephonic notice signed by an authorized officer of Seller; provided, however, the absence of such confirmation shall not affect the validity of such notice. If the written confirmation differs from the action taken by Agent and/or the applicable Purchaser, the records of Agent and/or the applicable Purchaser shall govern absent manifest error.

Section 14.3 Ratable Payments. If any Purchaser, whether by setoff or otherwise, has payment made to it with respect to any portion of the Aggregate Unpaid owing to such Purchaser (other than payments received pursuant to Sections 10.2 or 10.3) in a greater proportion than that received by any other Purchaser entitled to receive a ratable share of such Aggregate Unpaid, such Purchaser agrees, promptly upon demand, to purchase for cash without recourse or warranty a portion of such Aggregate Unpaid held by the other Purchasers so that after such purchase each Purchaser will hold its ratable proportion of such Aggregate Unpaid; provided that if all or any portion of such excess amount is thereafter recovered from such Purchaser, such purchase shall be rescinded and the purchase price restored to the extent of such recovery, but without interest.

Section 14.4 Protection of Ownership Interests of the Purchasers. (a) Seller agrees that from time to time, at its expense, it will promptly execute and deliver all instruments and documents, and take all actions, that may be necessary or desirable, or that Agent may request, to perfect, protect or more fully evidence Agent's (on behalf of the Purchasers) valid ownership of or first priority perfected security interest in the Asset Portfolio, or to enable Agent or the Purchasers to exercise and enforce their rights and remedies hereunder. Without limiting the foregoing, Seller will, upon the request of Agent, file such financing or continuation statements, or amendments thereto or assignments thereof, and execute and file such other instruments and documents, that may be necessary or desirable, or that Agent may reasonably request, to perfect, protect or evidence such valid ownership of or first priority perfected security interest in the Asset Portfolio. At any time following the occurrence of an Amortization Event, Agent may, or Agent may direct Seller or Servicer to, notify the Obligors of Receivables, at Seller's expense, of the ownership or security interests of the Purchasers under this Agreement and may also direct that payments of all amounts due or that become due under any or all Receivables be made directly to Agent or its designee. Seller or Servicer (as applicable) shall, at any Purchaser's request, withhold the identity of such Purchaser in any such notification.

(b) If any Seller Party fails to perform any of its obligations hereunder, Agent or any Purchaser may (but shall not be required to) perform, or cause performance of, such obligations, and Agent's or such Purchaser's costs and expenses incurred in connection therewith shall be payable by Seller as provided in Section 10.3. Each Seller Party irrevocably authorizes Agent at any time and from time to time in the sole and absolute discretion of Agent, and appoints Agent as its attorney-in-fact, to act on behalf of such Seller Party (i) to authorize

and/or execute on behalf of such Seller Party as debtor and to file financing or continuation statements (and amendments thereto and assignments thereof) necessary or desirable in Agent's sole and absolute discretion to perfect and to maintain Agent's (on behalf of the Purchasers) valid ownership of or first priority perfected security interest in the Receivables and (ii) to file a carbon, photographic or other reproduction of this Agreement or any financing statement with respect to the Receivables as a financing statement in such offices as Agent in its sole and absolute discretion deems necessary or desirable to perfect and to maintain the ownership of or first priority perfected security interest in the interests of the Purchasers in the Receivables. This appointment is coupled with an interest and is irrevocable. The authorization by each Seller Party set forth in the second sentence of this Section 14.4(b) is intended to meet all requirements for authorization by a debtor under Article 9 of any applicable enactment of the UCC, including, without limitation, Section 9-509 thereof.

Section 14.5 Confidentiality. (a) Each Seller Party, Agent, each Purchaser Agent and each Purchaser shall maintain and shall cause each of its employees and officers to maintain the confidentiality of this Agreement and the other confidential or proprietary information with respect to Agent, each Purchaser Agent, each Purchaser and their respective businesses obtained by it or them in connection with the structuring, negotiating and execution of the transactions contemplated herein, except that such Seller Party, Agent, such Purchaser Agent and such Purchaser and its officers and employees may disclose such information to such Seller Party's, Agent's, such Purchaser Agent's and such Purchaser's external accountants and attorneys and as required by any applicable law or order of any judicial or administrative proceeding.

(b) Anything herein to the contrary notwithstanding, each Seller Party hereby consents to the disclosure of any nonpublic information with respect to it (i) to Agent, the Financial Institutions, the Purchaser Agents or the Conduits by each other and by each such Person to such Person's equityholders, (ii) by Agent, the Purchaser Agents or the Purchasers to any prospective or actual assignee or participant of any of them and (iii) by Agent, any Purchaser Agent or any Conduit to any collateral trustee or security trustee, any rating agency, Funding Source, Commercial Paper dealer or provider of a surety, guaranty or credit or liquidity enhancement to any Conduit or any entity organized for the purpose of purchasing, or making loans secured by, financial assets for which MUFG or any Purchaser Agent acts as the administrative agent and to any officers, directors, employees, outside accountants and attorneys of any of the foregoing, provided each such Person is informed of and agrees to maintain the confidential nature of such information. In addition, the Purchasers, the Purchaser Agents and Agent may disclose any such nonpublic information pursuant to any law, rule, regulation, direction, request or order of any judicial, administrative or regulatory authority or proceedings (whether or not having the force or effect of law).

Section 14.6 Bankruptcy Petition. (a) Seller, Servicer, Agent, each Purchaser Agent and each Purchaser hereby covenants and agrees that, prior to the date that is one year and one day after the payment in full of all outstanding senior indebtedness of any Conduit or any Financial Institution or Funding Source that is a special purpose bankruptcy remote entity, it will not institute against, or join any other Person in instituting against, any Conduit, any Financial Institution or any such entity any bankruptcy, reorganization, arrangement, insolvency or

liquidation proceedings or other similar proceeding under the laws of the United States or any state of the United States.

(b) Servicer hereby covenants and agrees that, prior to the date that is one year and one day after the payment in full of all Obligations of Seller, it will not institute against, or join any other Person in instituting against, Seller any bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings or other similar proceeding under the laws of the United States or any state of the United States.

Section 14.7 Limitation of Liability. Except with respect to any claim arising out of the willful misconduct or gross negligence of any Conduit, Agent, any Purchaser Agent, any Funding Source or any Financial Institution, no claim may be made by any Seller Party or any other Person against any Conduit, Agent, any Purchaser Agent, any Funding Source or any Financial Institution or their respective Affiliates, directors, officers, employees, attorneys or agents for any special, indirect, consequential or punitive damages in respect of any claim for breach of contract or any other theory of liability arising out of or related to the transactions contemplated by this Agreement, or any act, omission or event occurring in connection therewith; and each Seller Party hereby waives, releases, and agrees not to sue upon any claim for any such damages, whether or not accrued and whether or not known or suspected to exist in its favor.

Section 14.8 CHOICE OF LAW. THIS AGREEMENT SHALL BE GOVERNED AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK (INCLUDING SECTIONS 5-1401 AND 5-1402 OF THE GENERAL OBLIGATIONS LAW OF THE STATE OF NEW YORK, BUT WITHOUT REGARD TO ANY OTHER CONFLICTS OF LAW PROVISIONS THEREOF, EXCEPT TO THE EXTENT THAT THE PERFECTION, THE EFFECT OF PERFECTION OR PRIORITY OF THE INTERESTS OF AGENT OR ANY PURCHASER IN THE ASSET PORTFOLIO IS GOVERNED BY THE LAWS OF A JURISDICTION OTHER THAN THE STATE OF NEW YORK).

Section 14.9 CONSENT TO JURISDICTION. EACH SELLER PARTY HEREBY IRREVOCABLY SUBMITS TO THE NON-EXCLUSIVE JURISDICTION OF ANY UNITED STATES FEDERAL OR NEW YORK STATE COURT SITTING IN NEW YORK CITY, NEW YORK IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY DOCUMENT EXECUTED BY SUCH PERSON PURSUANT TO THIS AGREEMENT AND EACH SELLER PARTY HEREBY IRREVOCABLY AGREES THAT ALL CLAIMS IN RESPECT OF SUCH ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED IN ANY SUCH COURT AND IRREVOCABLY WAIVES ANY OBJECTION IT MAY NOW OR HEREAFTER HAVE AS TO THE VENUE OF ANY SUCH SUIT, ACTION OR PROCEEDING BROUGHT IN SUCH A COURT OR THAT SUCH COURT IS AN INCONVENIENT FORUM. NOTHING HEREIN SHALL LIMIT THE RIGHT OF AGENT, ANY PURCHASER AGENT OR ANY PURCHASER TO BRING PROCEEDINGS AGAINST ANY SELLER PARTY IN THE COURTS OF ANY OTHER JURISDICTION. ANY JUDICIAL PROCEEDING BY ANY SELLER PARTY AGAINST AGENT, ANY PURCHASER AGENT OR ANY PURCHASER

OR ANY AFFILIATE OF AGENT, ANY PURCHASER AGENT OR ANY PURCHASER INVOLVING, DIRECTLY OR INDIRECTLY, ANY MATTER IN ANY WAY ARISING OUT OF, RELATED TO, OR CONNECTED WITH THIS AGREEMENT OR ANY DOCUMENT EXECUTED BY SUCH SELLER PARTY PURSUANT TO THIS AGREEMENT SHALL BE BROUGHT ONLY IN A COURT IN NEW YORK CITY, NEW YORK.

Section 14.10 WAIVER OF JURY TRIAL. EACH PARTY HERETO HEREBY WAIVES TRIAL BY JURY IN ANY JUDICIAL PROCEEDING INVOLVING, DIRECTLY OR INDIRECTLY, ANY MATTER (WHETHER SOUNDING IN TORT, CONTRACT OR OTHERWISE) IN ANY WAY ARISING OUT OF, RELATED TO, OR CONNECTED WITH THIS AGREEMENT, ANY DOCUMENT EXECUTED BY ANY SELLER PARTY PURSUANT TO THIS AGREEMENT OR THE RELATIONSHIP ESTABLISHED HEREUNDER OR THEREUNDER.

Section 14.11 Integration; Binding Effect; Survival of Terms.

(a) This Agreement and each other Transaction Document contain the final and complete integration of all prior expressions by the parties hereto with respect to the subject matter hereof and shall constitute the entire agreement among the parties hereto with respect to the subject matter hereof superseding all prior oral or written understandings.

(b) This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns (including any trustee in bankruptcy) and shall inure to the benefit of the Indemnified Parties and their successors and permitted assigns (including any trustee in bankruptcy). This Agreement shall create and constitute the continuing obligations of the parties hereto in accordance with its terms and shall remain in full force and effect until terminated in accordance with its terms; provided, however, that the rights and remedies with respect to (i) any breach of any representation and warranty made by any Seller Party pursuant to Article V, (ii) the indemnification, payment and other provisions of Article X, and Sections 2.7(b), 14.5 and 14.6 shall be continuing and shall survive any termination of this Agreement.

Section 14.12 Counterparts; Severability; Section References. This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which when taken together shall constitute one and the same Agreement. Any provisions of this Agreement which are prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction. Unless otherwise expressly indicated, all references herein to "Article," "Section," "Schedule" or "Exhibit" shall mean articles and sections of, and schedules and exhibits to, this Agreement.

Section 14.13 MUFG Roles and Purchaser Agent Roles.

(a) Each of the Purchasers and Purchaser Agents acknowledges that MUFG acts, or may in the future act, (i) as administrative agent for any Conduit or any Financial Institution in MUFG's Purchaser Group, (ii) as issuing and paying agent for certain Commercial Paper, (iii) to provide credit or liquidity enhancement for the timely payment for certain Commercial Paper and (iv) to provide other services from time to time for any Conduit or any Financial Institution in MUFG's Purchaser Group (collectively, the "**MUFG Roles**"). Without limiting the generality of this Section 14.13, each Purchaser and each Purchaser Agent hereby acknowledges and consents to any and all MUFG Roles and agrees that in connection with any MUFG Role, MUFG may take, or refrain from taking, any action that it, in its discretion, deems appropriate, including, without limitation, in its role as administrative agent for any Conduit.

(b) Each of the Purchasers acknowledges that each Purchaser Agent acts, or may in the future act, (i) as administrative agent for the Conduit in such Purchaser Agent's Purchaser Group or any Financial Institution in such Purchaser Agent's Purchaser Group, (ii) as issuing and paying agent for certain Commercial Paper, (iii) to provide credit or liquidity enhancement for the timely payment for certain Commercial Paper and (iv) to provide other services from time to time for the Conduit in such Purchaser Agent's Purchaser Group or any Financial Institution in such Purchaser Agent's Purchaser Group (collectively, the "**Purchaser Agent Roles**"). Without limiting the generality of this Section 14.13, each Purchaser hereby acknowledges and consents to any and all Purchaser Agent Roles and agrees that in connection with any Purchaser Agent Role, the applicable Purchaser Agent may take, or refrain from taking, any action that it, in its discretion, deems appropriate, including, without limitation, in its role as agent for the Conduit in such Purchaser Agent's Purchaser Group.

Section 14.14 Characterization. (a) It is the intention of the parties hereto that each Purchase hereunder shall constitute and be treated as an absolute and irrevocable sale to Agent, on behalf of the Purchasers, for all purposes (other than federal and state income tax purposes), which such Purchase shall provide Agent, on behalf of the Purchasers, with the full benefits of ownership of the Asset Portfolio. Except as specifically provided in this Agreement, each Purchase hereunder is made without recourse to Seller; provided, however, that (i) Seller shall be liable to each Purchaser, each Purchaser Agent and Agent for all representations, warranties, covenants and indemnities made by Seller pursuant to the terms of this Agreement, and (ii) such sale does not constitute and is not intended to result in an assumption by any Purchaser, any Purchaser Agent or Agent or any assignee thereof of any obligation of Seller or any Originator or any other Person arising in connection with the Receivables, the Related Security, or the related Contracts, or any other obligations of Seller or any Originator.

(b) In addition to any ownership interest which Agent may from time to time acquire pursuant hereto, Seller hereby grants to Agent for the ratable benefit of the Purchasers a valid and perfected security interest in all of Seller's right, title and interest in, to

and under all Receivables now existing or hereafter arising, the Collections, each Lock-Box, each Collection Account, all Related Security, all other rights and payments relating to such Receivables, and all proceeds of any thereof prior to all other liens on and security interests therein to secure the prompt and complete payment of the Aggregate Unpaid. Seller hereby authorizes the filing of financing statements describing the collateral covered thereby as “all of debtor’s personal property and assets” or words to that effect, notwithstanding that such wording may be broader in scope than the collateral described in this Section 14.14. Agent, the Purchaser Agents and the Purchasers shall have, in addition to the rights and remedies that they may have under this Agreement, all other rights and remedies provided to a secured creditor under the UCC and other applicable law, which rights and remedies shall be cumulative.

Section 14.15 Excess Funds. Each of Seller, Servicer, each Purchaser, each Purchaser Agent and Agent agrees that each Conduit shall be liable for any claims that such party may have against such Conduit only to the extent that such Conduit has funds in excess of those funds necessary to pay matured and maturing Commercial Paper and to the extent such excess funds are insufficient to satisfy the obligations of such Conduit hereunder, such Conduit shall have no liability with respect to any amount of such obligations remaining unpaid and such unpaid amount shall not constitute a claim against such Conduit. Any and all claims against any Conduit shall be subordinate to the claims against such Conduit of the holders of Commercial Paper and any Person providing liquidity support to such Conduit.

Section 14.16 [Reserved].

Section 14.17 [Reserved].

Section 14.18 [Reserved].

Section 14.19 USA PATRIOT Act Notice. Each Financial Institution that is subject to the requirements of the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) (the “*Patriot Act*”) hereby notifies the Seller Parties that pursuant to the requirements of the Patriot Act, it is required to obtain, verify and record information that identifies each Seller Party, which information includes the name, address, tax identification number and other information that will allow such Financial Institution to identify such Seller Party in accordance with the Patriot Act. This notice is given in accordance with the requirements of the Patriot Act. Promptly following any request therefor, the Seller shall deliver to the each Financial Institution all documentation and other information required by bank regulatory authorities requested by such Financial Institution for purposes of compliance with applicable “know your customer” requirements under the Patriot Act, the Beneficial Ownership Rule or other applicable anti-money laundering laws, rules and regulations.

(Signature Pages Follow)

WHEREOF, the parties hereto have caused this Agreement to be executed and delivered by their duly authorized officers as of the date hereof.

Conformed copy of agreement does not contain signatures as signatories only sign individual amendments.

EXHIBIT I
DEFINITIONS

As used in this Agreement, the following terms shall have the following meanings (such meanings to be equally applicable to both the singular and plural forms of the terms defined):

“Accrual Period” means each Fiscal Month, provided that the initial Accrual Period hereunder means the period from (and including) the date hereof to (and including) the last day of the Fiscal Month thereafter.

“ACH Receipts” means funds received in respect of Automatic Debit Collections.

“Adjusted Dilution Ratio” means, as of any day, the average of the Dilution Ratios for the preceding twelve Fiscal Months.

“Adverse Claim” means a lien, security interest, charge or encumbrance, or other right or claim in, of or on any Person’s assets or properties in favor of any other Person.

“Affected Financial Institution” has the meaning set forth in Section 12.1(c).

“Affiliate” means, with respect to any Person, any other Person directly or indirectly controlling, controlled by, or under direct or indirect common control with, such Person or any Subsidiary of such Person. A Person shall be deemed to control another Person if the controlling Person owns 10% or more of any class of voting securities of the controlled Person or possesses, directly or indirectly, the power to direct or cause the direction of the management or policies of the controlled Person, whether through ownership of stock, by contract or otherwise.

“Agent” has the meaning set forth in the preamble to this Agreement.

“Aggregate Capital” means, on any date of determination, the aggregate outstanding Capital of all Purchasers on such date.

“Aggregate Reduction” has the meaning set forth in Section 1.3.

“Aggregate Unpays” means, at any time, an amount equal to the sum of all accrued and unpaid fees under any Fee Letter, CP Costs, Financial Institution Yield, Aggregate Capital and all other unpaid Obligations (whether due or accrued) at such time.

“Agreement” means this Receivables Purchase Agreement, as it may be amended, restated, supplemented or otherwise modified and in effect from time to time.

“Alternate Base Rate” means, for any day, a rate per annum equal to the greatest of (a) the Prime Rate in effect on such day, (b) the Federal Funds Effective Rate in effect on such day plus ½ of 1% and (c) the greater of (i) 0.00% and (ii) the LIBO Rate for a one month period on such day (or if such day is not a Business Day, the immediately preceding Business Day) plus 1%, provided that, for the avoidance of doubt, the LIBO Rate for any day shall be equal to the

London interbank offered rate administered by ICE Benchmark Administration Limited (or any person which takes over the administration of that rate) for deposits in U.S. dollars, as published by Reuters (or any successor thereto) at approximately 11:00 a.m. London time on such day. Any change in the Alternate Base Rate due to a change in the Prime Rate, the Federal Funds Effective Rate or the LIBO Rate shall be effective from and including the effective date of such change in the Prime Rate, the Federal Funds Effective Rate or the LIBO Rate, respectively.

“Amendment Date” means August 22, 2019.

“Amortization Date” means the earliest to occur of (i) the day on which any of the conditions precedent set forth in Section 6.2 are not satisfied, (ii) the Business Day immediately prior to the occurrence of an Amortization Event set forth in Section 9.1(d) (ii), (iii) the Business Day specified in a written notice from Agent following the occurrence of any other Amortization Event, (iv) the Business Day specified in a written notice from Agent following the failure to obtain the Required Ratings within 60 days following delivery of a Ratings Request to Seller and Servicer, and (v) the date which is 5 Business Days after Agent’s receipt of written notice from Seller that it wishes to terminate the facility evidenced by this Agreement.

“Amortization Event” has the meaning set forth in Article IX.

“Anti-Corruption Laws” means all laws, rules, and regulations of any jurisdiction applicable to the Seller, the Servicer, any Originator or any of their respective Subsidiaries from time to time concerning or relating to bribery or corruption, including, but not limited to, the U.S. Foreign Corrupt Practices Act of 1977, as amended, the UK Bribery Act 2010, and any other applicable law or regulation implementing the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions.

“Anti-Terrorism Laws” means each of: (a) the Executive Order; (b) the Patriot Act; (c) the Money Laundering Control Act of 1986, 18 U.S.C. Sect. 1956 and any successor statute thereto; (d) the Proceeds of Crime (Money Laundering) and Terrorist Financing Act (Canada); (e) the Bank Secrecy Act, and the rules and regulations promulgated thereunder; and (f) any other law of the United States, Canada or any member state of the European Union now or hereafter enacted to monitor, deter or otherwise prevent: (i) terrorism or (ii) the funding or support of terrorism or (iii) money laundering.

“Asset Portfolio” has the meaning set forth in Section 1.2(b).

“Assignment Agreement” has the meaning set forth in Section 12.1(b).

“Authorized Officer” means, with respect to any Person, its president, corporate controller, treasurer or chief financial officer.

“Automatic Debit Collection” means the payment of Collections by an Obligor by means of automatic electronic funds transfer from the Obligor’s bank account.

“Benchmark Replacement” means the sum of: (a) the alternate benchmark rate (which may include Term SOFR) that has been selected by the Agent and the Seller giving due consideration to (i) any selection or recommendation of a replacement rate or the mechanism for determining such a rate by the Relevant Governmental Body or (ii) any evolving or then-prevailing market convention for determining a rate of interest as a replacement to the LIBO Rate for U.S. dollar-denominated syndicated credit facilities and (b) the Benchmark Replacement Adjustment; provided that, if the Benchmark Replacement as so determined would be less than zero, the Benchmark Replacement will be deemed to be zero for the purposes of this Agreement.

“Benchmark Replacement Adjustment” means, with respect to any replacement of the LIBO Rate with an Unadjusted Benchmark Replacement for each applicable Rate Tranche Period, the spread adjustment, or method for calculating or determining such spread adjustment, (which may be a positive or negative value or zero) that has been selected by the Agent and the Seller giving due consideration to (i) any selection or recommendation of a spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of the LIBO Rate with the applicable Unadjusted Benchmark Replacement by the Relevant Governmental Body or (ii) any evolving or then-prevailing market convention for determining a spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of the LIBO Rate with the applicable Unadjusted Benchmark Replacement for U.S. dollar-denominated syndicated credit facilities at such time.

“Benchmark Replacement Conforming Changes” means, with respect to any Benchmark Replacement, any technical, administrative or operational changes (including changes to the definition of “Alternative Base Rate,” the definition of “Rate Tranche Period,” timing and frequency of determining rates and making payments of interest and other administrative matters) that the Agent decides may be appropriate to reflect the adoption and implementation of such Benchmark Replacement and to permit the administration thereof by the Agent in a manner substantially consistent with market practice (or, if the Agent decides that adoption of any portion of such market practice is not administratively feasible or if the Agent determines that no market practice for the administration of the Benchmark Replacement exists, in such other manner of administration as the Agent decides is reasonably necessary in connection with the administration of this Agreement).

“Benchmark Replacement Date” means the earlier to occur of the following events with respect to the LIBO Rate:

(1) in the case of clause (1) or (2) of the definition of “Benchmark Transition Event,” the later of (a) the date of the public statement or publication of information referenced therein and (b) the date on which the administrator of the LIBO Rate permanently or indefinitely ceases to provide the LIBO Rate; or

(2) in the case of clause (3) of the definition of “Benchmark Transition Event,” the date of the public statement or publication of information referenced therein.

“Benchmark Transition Event” means the occurrence of one or more of the following events with respect to the LIBO Rate:

(1) a public statement or publication of information by or on behalf of the administrator of the LIBO Rate announcing that such administrator has ceased or will cease to provide the LIBO Rate, permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide the LIBO Rate;

(2) a public statement or publication of information by the regulatory supervisor for the administrator of the LIBO Rate, the U.S. Federal Reserve System, an insolvency official with jurisdiction over the administrator for LIBOR, a resolution authority with jurisdiction over the administrator for the LIBO Rate or a court or an entity with similar insolvency or resolution authority over the administrator for the LIBO Rate, which states that the administrator of the LIBO Rate has ceased or will cease to provide the LIBO Rate permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide the LIBO Rate; or

(3) a public statement or publication of information by the regulatory supervisor for the administrator of the LIBO Rate announcing that the LIBO Rate is no longer representative.

“Benchmark Transition Start Date” means (a) in the case of a Benchmark Transition Event, the earlier of (i) the applicable Benchmark Replacement Date and (ii) if such Benchmark Transition Event is a public statement or publication of information of a prospective event, the 90th day prior to the expected date of such event as of such public statement or publication of information (or if the expected date of such prospective event is fewer than 90 days after such statement or publication, the date of such statement or publication) and (b) in the case of an Early Opt-in Election, the date specified by the Agent or the Required Purchasers, as applicable, by notice to the Seller, the Agent (in the case of such notice by the Required Purchasers) and the Purchasers.

“Benchmark Unavailability Period” means, if a Benchmark Transition Event and its related Benchmark Replacement Date have occurred with respect to the LIBO Rate and solely to the extent that the LIBO Rate has not been replaced with a Benchmark Replacement, the period (x) beginning at the time that such Benchmark Replacement Date has occurred if, at such time, no Benchmark Replacement has replaced the LIBO Rate for all purposes hereunder in accordance with Section 4.5 and (y) ending at the time that a Benchmark Replacement has replaced the LIBO Rate for all purposes hereunder pursuant to Section 4.5.

“Beneficial Ownership Rule” means 31 C.F.R. § 1010.230.

“Broken Funding Costs” means for any Capital of any Purchaser which: (i) is reduced for any reason on any day other than a Settlement Date or (ii) is assigned, transferred or funded pursuant to a Funding Agreement or otherwise transferred or terminated on a date prior to the date on which it was originally scheduled to end; an amount equal to the excess, if any, of (A) the CP Costs or Financial Institution Yield (as applicable) that would have accrued during the remainder of the Rate Tranche Periods or the tranche periods for Commercial Paper determined by the applicable Purchaser Agent or Agent to relate to such Capital (as applicable) subsequent to the date of such reduction, assignment, transfer, funding or termination of such Capital if such reduction, assignment, transfer, funding or termination had not occurred, over (B) the income, if

any, actually received net of any costs of redeployment of funds during the remainder of such period by the holder of such Capital from investing the portion of such Capital not so allocated. In the event that the amount referred to in clause (B) exceeds the amount referred to in clause (A), the relevant Purchaser or Purchasers agree to pay to Seller the amount of such excess. All Broken Funding Costs shall be due and payable hereunder upon demand.

“Business Day” means any day on which banks are not authorized or required to close in New York, New York or Chicago, Illinois and The Depository Trust Company of New York is open for business, and, if the applicable Business Day relates to any computation or payment to be made with respect to the LIBO Rate, any day on which dealings in dollar deposits are carried on in the London interbank market.

“Capital” means at any time with respect to the Asset Portfolio and any Purchaser, an amount equal to (A) the amount of Cash Purchase Price paid by such Purchaser to Seller for Purchases pursuant to Sections 1.1 and 1.2, minus (B) the sum of the aggregate amount of Collections and other payments received by Agent or such Purchaser, as applicable, which in each case are applied to reduce such Purchaser’s Capital in accordance with the terms and conditions of this Agreement; provided that such Capital shall be restored (in accordance with Section 2.5) in the amount of any Collections or other payments so received and applied if at any time the distribution of such Collections or payments are rescinded, returned or refunded for any reason.

“Cash Purchase Price” means, with respect to any Incremental Purchase of any portion of the Asset Portfolio, the amount paid to Seller for such portion of the Asset Portfolio which shall not exceed the least of (i) the amount requested by Seller in the applicable Purchase Notice, (ii) the unused portion of the Purchase Limit on the applicable Purchase date, taking into account any other proposed Incremental Purchase requested on the applicable Purchase date, and (iii) the excess, if any, of the Net Portfolio Balance (less the Required Reserves) on the applicable Purchase date over the aggregate outstanding amount of the Aggregate Capital determined immediately prior to such Incremental Purchase, taking into account any other proposed Incremental Purchase requested on the applicable Purchase date.

“Change of Control” means (i) the acquisition by any Person, or two or more Persons acting in concert, of beneficial ownership (within the meaning of Rule 13d-3 of the Securities and Exchange Commission under the Securities Exchange Act of 1934) of 30% or more of the outstanding shares of voting stock of PDCo, (ii) PDSI ceases to own, directly, 100% of the outstanding membership units of Seller free and clear of any Adverse Claim or (iii) PDCo ceases to own, directly or indirectly, 100% of the outstanding membership units or outstanding capital stock of any Originator or the Servicer.

“Charged-Off Receivable” means a Receivable: (i) as to which the Obligor thereof has taken any action, or suffered any event to occur, of the type described in Section 9.1(d) (as if references to the Seller Party therein refer to such Obligor); (ii) which, consistent with the Credit and Collection Policy, would be written off Seller’s books as uncollectible; (iii) which has been identified by Seller as uncollectible or (iv) as to which any payment, or part thereof, remains unpaid for 180 days or more from the original due date for such payment.

“Closing Date” means July 24, 2018.

“Collection Account” means each account listed on Exhibit IV and maintained at a Collection Bank in the name of Seller.

“Collection Account Agreement” means with respect to each Collection Account and Lock-Box, if applicable, a valid and enforceable agreement in form and substance reasonably satisfactory to the Agent, among the Seller, the Servicer, the Agent and any Collection Bank, whereupon the Seller, as sole owner of the related Collection Account and the customer of the related Collection Bank in respect of such Collection Account, shall transfer to the Agent exclusive dominion and control over and otherwise perfect a first-priority security interest in, such Collection Account and the cash, instruments or other property on deposit or held therein.

“Collection Bank” means, at any time, any of the banks holding one or more Collection Accounts.

“Collection Notice” means a notice, in substantially the form attached to the related Collection Account Agreement, from Agent to a Collection Bank, or any similar or analogous notice from Agent to a Collection Bank.

“Collections” means, with respect to any Receivable, all cash collections and other cash and other proceeds in respect of such Receivable, including, without limitation, all scheduled payments, prepayments, yield, Finance Charges or other related amounts accruing in respect thereof, all cash proceeds of Related Security with respect to such Receivable; for the avoidance of doubt, in no event shall Collections be deemed to include any such cash collections or other proceeds from Excluded Receivables.

“Commercial Paper” means promissory notes of any Conduit issued by such Conduit in the commercial paper market.

“Commitment” means, for each Financial Institution, the commitment of such Financial Institution to make Incremental Purchases to the extent that the Conduit (if any) in its Purchaser Group declines to make such Incremental Purchases, in an amount not to exceed (i) in the aggregate, the amount set forth opposite such Financial Institution’s name on Schedule A to this Agreement, as such amount may be modified in accordance with the terms hereof (including, without limitation, any termination of Commitments pursuant to Section 4.6 hereof) and (ii) with respect to any individual Incremental Purchase hereunder, its Pro Rata Share of the Cash Purchase Price therefor.

“Concentration Percentage” means (i) for any Group A Obligor, 10.0%, (ii) for any Group B Obligor, 8.0%, (iii) for any Group C Obligor, 4.0% and (iv) for any Group D Obligor, 2.5%.

“Conduit” has the meaning set forth in the preamble to this Agreement. As of the Amendment Date, no Conduits are a party to this Agreement.

“Conduit Costs” means, for any outstanding Capital of any Conduit, an amount equal to such Capital multiplied by a per annum rate equivalent to the “weighted average cost” (as defined below) related to the issuance of indexed Commercial Paper of such Conduit that is allocated, in whole or in part, to fund such Capital (and which may also be allocated in part to the funding of other assets of such Conduit); provided, however, that if any component of such rate is a discount rate, in calculating such rate for such Capital for such date, the rate used to calculate such component of such rate shall be a rate resulting from converting such discount rate to an interest bearing equivalent rate per annum. As used in this definition, the “weighted average cost” shall consist of (x) the actual interest rate paid to purchasers of indexed Commercial Paper issued by such Conduit, (y) the costs associated with the issuance of such Commercial Paper (including dealer fees and commissions to placement agents), and (z) interest on other borrowing or funding sources by such Conduit, including to fund small or odd dollar amounts that are not easily accommodated in the commercial paper market.

“Conduit Purchase Limit” means, for each Conduit, the purchase limit of such Conduit with respect to Incremental Purchases, in an amount not to exceed (i) in the aggregate, the amount set forth opposite such Conduit’s name on Schedule A to this Agreement, as such amount may be modified in accordance with the terms hereof (including, without limitation, Section 4.6(b)) and (ii) with respect to any individual Incremental Purchase hereunder, its Pro Rata Share of the aggregate Cash Purchase Price therefor.

“Consent Notice” has the meaning set forth in Section 4.6(a).

“Consent Period” has the meaning set forth in Section 4.6(a).

“Contingent Obligation” of a Person means any agreement, undertaking or arrangement by which such Person assumes, guarantees, endorses, contingently agrees to purchase or provide funds for the payment of, or otherwise becomes or is contingently liable upon, the obligation or liability of any other Person, or agrees to maintain the net worth or working capital or other financial condition of any other Person, or otherwise assures any creditor of such other Person against loss, including, without limitation, any comfort letter, operating agreement, take-or-pay contract or application for a letter of credit or the obligations of any such Person as general partner of a partnership with respect to the liabilities of the partnership. The amount of any Contingent Obligation shall be deemed to be an amount equal to the lesser of (a) an amount equal to the stated or determinable amount of the primary obligation in respect of which such Contingent Obligation is made and (b) the maximum amount for which such guaranteeing person may be liable pursuant to the terms of the instrument embodying such Contingent Obligation, unless such primary obligation and the maximum amount for which such guaranteeing person may be liable are not stated or determinable, in which case the amount of the Contingent Obligation shall be such guaranteeing person’s reasonably anticipated liability in respect thereof as determined by such Person in good faith.

“Contract” means, with respect to any Receivable, any and all instruments, agreements, invoices or other writings (including those with electronic signatures or other electronic authorization), which may be executed in counterparts and received by facsimile or electronic mail, pursuant to which such Receivable arises or which evidences such Receivable.

“**CP Costs**” means, for each day, the aggregate discount or yield accrued with respect to the outstanding Capital of each respective Conduit as determined in accordance with the definition of Conduit Costs.

“**Credit Agreement**” means the Amended and Restated Credit Agreement, dated on or about January 27, 2017 (as it may be amended, restated, supplemented or otherwise modified from time to time) by and among PDCo, the lenders from time to time party thereto, and MUFG, as administrative agent.

“**Credit and Collection Policy**” means Seller’s and/or the applicable Originator’s credit and collection policies and practices relating to Contracts and Receivables existing on the Closing Date and summarized in Exhibit VIII hereto, as modified from time to time in accordance with this Agreement.

“**Cut-Off Date**” means the last day of a Fiscal Month.

“**Days Sales Outstanding**” means, on any date, the number of days equal to the product of (a) 30 and (b) the amount obtained by dividing (i) the aggregate Outstanding Balance of all Receivables as of such date, by (ii) the result of (x) the aggregate Outstanding Balance of all Receivables which were originated during the immediately preceding Fiscal Month, minus (y) the aggregate Excluded Sales with respect to Receivables which were originated during the immediately preceding Fiscal Month.

“**Deemed Collections**” means the aggregate of all amounts Seller shall have been deemed to have received as a Collection of a Receivable. If at any time, (i) the Outstanding Balance of any Receivable is either (x) reduced as a result of any defective or rejected goods or services, any discount or any adjustment or otherwise by Seller or any Originator (other than cash Collections on account of the Receivables), (y) reduced as a result of converting such Receivable to an Excluded Receivable or (z) reduced or canceled as a result of a setoff in respect of any claim by any Person (whether such claim arises out of the same or a related transaction or an unrelated transaction) or (ii) any of the representations or warranties in Article V are no longer true with respect to any Receivable, Seller shall be deemed to have received a Collection of such Receivable in the amount of (A) such reduction or cancellation in the case of clause (i) above, and (B) the entire Outstanding Balance in the case of clause (ii) above.

“**Default Fee**” means with respect to any amount due and payable by Seller in respect of any Aggregate Unpaid, an amount equal to the greater of (i) \$1,000 and (ii) interest on any such unpaid Aggregate Unpaid at a rate per annum equal to 2.00% above the Alternate Base Rate.

“**Default Ratio**” means, as of any Cut-Off Date, a percentage equal to: (i) the aggregate Outstanding Balance of all Receivables that became Defaulted Receivables during the Fiscal Month ending on such Cut-Off Date, divided by (ii) the aggregate Outstanding Balance of all Receivables on such day.

“Defaulted Receivable” means a Receivable: (i) as to which any payment, or part thereof, remains unpaid for 91 days or more from the original due date for such payment or (ii) that is a Charged-Off Receivable.

“Delayed Financial Institution” has the meaning set forth in Section 1.2(a).

“Designated Obligor” means an Obligor indicated by Agent to Seller in writing.

“Dilution” means, at any time, the aggregate amount of reductions or cancellations described in clause (i) of the definition of “Deemed Collections”.

“Dilution Horizon Ratio” means, as of any date, a ratio (expressed as a percentage), computed as of the last day of the most recently ended Fiscal Months by dividing (i) the result of (x) the aggregate initial Outstanding Balance of all Receivables originated by the Originators during the most recently ended Fiscal Month, minus (y) the aggregate Excluded Sales with respect to Receivables which were originated by the Originators during the most recently ended Fiscal Month, by (ii) the Net Portfolio Balance as of the Cut-Off Date of the most recently ended Fiscal Month.

“Dilution Ratio” means, as of any Cut-Off Date, a ratio (expressed as a percentage), computed by dividing (i) the aggregate amount of all Dilution (other than any Excluded Credit Rebill Dilution) in respect of Receivables which occurred during the Fiscal Month ending on such Cut-Off Date, by (ii) the result of (x) the aggregate initial Outstanding Balance of all Receivables originated by the Originators during the Fiscal Month ending on such Cut-Off Date, minus (y) the aggregate Excluded Sales with respect to Receivables which were originated by the Originators during the Fiscal Month ending on such Cut-Off Date.

“Dilution Reserve Floor Percentage” means the product of:

$$\text{ADR} \times \text{DHR}$$

where:

ADR = Adjusted Dilution Ratio;

DHR = Dilution Horizon Ratio.

“Dilution Spike” means, at any time, the highest three (3) month average Dilution Ratio observed over the previous 12 months.

“Dilution Volatility Ratio” means the product of:

$$((\text{DS} - \text{ADR}) \times \text{DS}/\text{ADR})$$

where:

ADR = Adjusted Dilution Ratio;

DS = Dilution Spike

“Discount Rate” means, the LIBO Rate or the Alternate Base Rate, as applicable, with respect to the Capital of each Financial Institution.

“Dynamic Dilution Reserve Percentage” means, at any time, a percentage calculated as follows:

$$((SF \times ADR) + DVR) \times DHR$$

where:

SF = stress factor of 2.00;

ADR = Adjusted Dilution Ratio;

DVR = Dilution Volatility Ratio;

DHR = Dilution Horizon Ratio.

“Dynamic Loss Reserve Percentage” means, at any time, the product of:

$$SF \times LR \times LHR$$

where:

SF = stress factor of 2.00;

LR = the highest three-month average Loss Ratio over the past 12 months;

LHR = Loss Horizon Ratio.

“Early Opt-in Election” means the occurrence of:

(1) (i) a determination by the Agent or (ii) a notification by the Required Purchasers to the Agent (with a copy to the Seller) that the Required Purchasers have determined that U.S. dollar-denominated syndicated credit facilities being executed at such time, or that include language similar to that contained in Section 4.5, are being executed or amended, as applicable, to incorporate or adopt a new benchmark interest rate to replace the LIBO Rate, and

(2) (i) the election by the Agent or (ii) the election by the Required Purchasers to declare that an Early Opt-in Election has occurred and the provision, as applicable, by the Agent of written notice of such election to the Seller and the Purchasers or by the Required Purchasers of written notice of such election to the Agent.

“Eligible Receivable” means, at any time, a Receivable:

(i) the Obligor of which (a) is not a natural person; (b) is organized under the laws of the United States or any political subdivision thereof and has its chief executive office in the United States; (c) is not an Affiliate of any of the parties hereto or any other Patterson Entity; and (d) is neither a Designated Obligor nor a Sanctioned Person,

(ii) the Obligor of which is not, and has not been, the Obligor of any Charged-Off Receivable or any Defaulted Receivable,

(iii) that is not a Charged-Off Receivable or a Defaulted Receivable,

(iv) that is not a Government Receivable,

(v) that arises under a Contract that has not had any payment or other terms of such Contract extended, modified or waived,

(vi) that (a) is an “account” or “payment intangible” within the meaning of Article 9 of the UCC of all applicable jurisdictions and (b) is not evidenced by “instruments” or “chattel paper”,

(vii) that is denominated and payable only in United States dollars in the United States,

(viii) that arises under a Contract in substantially the form of one of the form contracts set forth on Exhibit IX hereto or otherwise approved by Agent in writing, which, together with such Receivable, is in full force and effect and constitutes the legal, valid and binding obligation of the related Obligor enforceable against such Obligor in accordance with its terms subject to no offset, counterclaim or other defense,

(ix) that arises under a Contract that (A) does not require the Obligor under such Contract to consent to the transfer, sale or assignment of the rights and duties of the applicable Originator or any of its assignees under such Contract, (B) does not contain a confidentiality provision that purports to restrict the ability of any Purchaser to exercise its rights under this Agreement, including, without limitation, its right to review the Contract and (C) that has been billed to the related Obligor,

(x) that arises under a Contract that contains an obligation to pay a specified sum of money, contingent only upon the sale of goods or the provision of services by the applicable Originator,

(xi) that, together with the Contract related thereto, does not contravene any law, rule or regulation applicable thereto (including, without limitation, any law, rule and regulation relating to truth in lending, fair credit billing, fair credit reporting, equal credit opportunity, fair debt collection practices and privacy) and with

respect to which no part of the Contract related thereto is in violation of any such law, rule or regulation,

(xii) that satisfies all applicable requirements of the Credit and Collection Policy,

(xiii) that was generated in the ordinary course of the applicable Originator's business,

(xiv) that arises solely from the sale of goods or the provision of services to the related Obligor by the applicable Originator, and not by any other Person (in whole or in part),

(xv) as to which Agent has not notified Seller that Agent has determined that such Receivable or class of Receivables is not acceptable as an Eligible Receivable, including, without limitation, because such Receivable arises under a Contract that is not acceptable to Agent,

(xvi) that is not subject to any right of rescission, set-off, counterclaim, any other defense (including defenses arising out of violations of usury laws) of the applicable Obligor against the applicable Originator or any other Adverse Claim, and the Obligor thereon holds no right as against such Originator to cause such Originator to repurchase the goods or merchandise the sale of which shall have given rise to such Receivable (except with respect to sale discounts effected pursuant to the Contract, or defective goods returned in accordance with the terms of the Contract),

(xvii) which by its terms has Invoice Payment Terms of 90 days or less,

(xviii) as to which the applicable Originator has satisfied and fully performed all obligations on its part with respect to such Receivable required to be fulfilled by it, and no further action is required to be performed by any Person with respect thereto other than payment thereon by the applicable Obligor,

(xix) all right, title and interest to and in which has been validly transferred by the applicable Originator directly to Seller under and in accordance with the Receivables Sale Agreement, and Seller has good and marketable title thereto free and clear of any Adverse Claim,

(xx) that arises under a Contract that does not permit the Outstanding Balance of such Receivable to be paid in installments,

(xxi) that is not a Modified Receivable,

(xxii) that, together with the related Contract, has not been sold, assigned or pledged by the applicable Originator or Seller, except pursuant to the terms of the Receivables Sale Agreement and this Agreement,

(xxiii) with respect to which there is only one original executed copy of the related Contract, which will, together with the related records be held by Servicer as bailee of Agent and the Purchasers, and no other custodial agreements are in effect with respect thereto,

(xxiv) for which the related invoice does not include any Excluded Receivables, and

(xxv) with respect to which the related Contract directs payment thereof to be sent directly to a Lock-Box or a Collection Account.

“ERISA” means the Employee Retirement Income Security Act of 1974, as amended from time to time.

“Erroneous Invoice” means, with respect to any Receivable, any invoice that was delivered with respect thereto that included an error with respect to the related Obligor (including its address), the Related Goods or similar items.

“Excess Concentration” means, without duplication, the sum of the following amounts:

(a) the sum of the amounts calculated for each of the Obligors equal to the excess (if any) of the aggregate Outstanding Balance of the Eligible Receivables of such Obligor, over the product of (x) such Obligor’s Concentration Percentage, multiplied by (y) the aggregate Outstanding Balance of all Eligible Receivables; plus

(b) the amount (if any) by which the aggregate Outstanding Balance of all Eligible Receivables that are Extended Term Receivables, exceeds 10% of the aggregate Outstanding Balance of all Eligible Receivables.

“Excluded Credit Rebill Dilution” means, with respect to any Receivable, any Dilution with respect thereto solely to the extent both (i) such Dilution occurred solely as a result of cancelling an Erroneous Invoice and replacing it with a Rebilled Invoice and (ii) each of the conditions set forth in the definition of “Excluded Sale” have been satisfied with respect to such Receivable.

“Excluded Receivable” means all indebtedness and other obligations owed to an Originator, which is arising in connection with the sale of goods or the rendering of services by an Originator, so long as such indebtedness or other obligations both (i) which by its initial terms is payable in more than one installment and (ii) does not constitute trade receivables; provided, however, that no indebtedness or other obligation that is included in any Monthly Report as a Receivable shall constitute an “Excluded Receivable”.

“Excluded Sale” means, with respect to any Receivable, the initial Outstanding Balance of such Receivable to the extent that each of the following conditions are currently satisfied with respect thereto: (i) the invoice with respect to such Receivable was an Erroneous Invoice, (ii) the invoice with respect to such Receivable was cancelled and replaced with a Rebilled Invoice, (iii)

the principal balance of the Rebilled Invoice is the same as the principal balance of the Erroneous Invoice, (iv) neither the Erroneous Invoice nor the Rebilled Invoice is with respect to any Excluded Receivable and (v) the Obligor of the Rebilled Invoice is the same Obligor of the Erroneous Invoice or an Affiliate thereof.

“Extended Term Receivables” means a Receivable with Invoice Payment Terms greater than 61 days.

“Extension Notice” has the meaning set forth in Section 4.6(a).

“Facility” means the facility providing for Seller to sell the Asset Portfolio as provided in this Agreement.

“Facility Account” means the account numbered 1801 2105 1569 maintained by Seller in the name of “PDC Funding Company III, LLC” at US Bank, together with any successor account or sub-account.

“Facility Termination Date” means the earliest of (i) the Scheduled Termination Date and (ii) the Amortization Date.

“Federal Bankruptcy Code” means Title 11 of the United States Code entitled “Bankruptcy,” as amended and any successor statute thereto.

“Federal Funds Effective Rate” means for any day, the weighted average (rounded upwards, if necessary, to the next 1/100 of 1%) of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers, as published on the next succeeding Business Day by the Federal Reserve Bank of New York, or, if such rate is not so published for any day that is a Business Day, the average (rounded upwards, if necessary, to the next 1/100 of 1%) of the quotations for such day for such transactions received by Agent from three Federal funds brokers of recognized standing selected by it. Notwithstanding the foregoing, if any Financial Institution is borrowing overnight funds on any day from a Federal Reserve Bank to make or maintain such Financial Institution’s funding of all or any portion of the Asset Portfolio hereunder, the Federal Funds Effective Rate, at the option of such Financial Institution, for such Financial Institution shall be the average rate per annum at which such overnight borrowings are made on any such day. Each determination of the Federal Funds Effective Rate shall be conclusive and binding on Seller and the Seller Parties, except in the case of manifest error.

“Federal Reserve Bank of New York’s Website” means the website of the Federal Reserve Bank of New York at <http://www.newyorkfed.org>, or any successor source.

“Fee Letter” means the letter agreement dated as of the Amendment Date (as amended, restated, supplemented, or otherwise modified from time to time) among Seller, Wells Fargo and MUFG.

“Final Payout Date” means the date following the Amortization Date on which the Aggregate Capital shall have been reduced to zero and all of the Aggregate Unpaid, Obligations and all other amounts then accrued or payable to Agent, the Purchaser Agents, the Purchasers and the other Indemnified Parties shall have been indefeasibly paid in full in cash.

“Finance Charges” means, with respect to a Contract, any finance, interest, late payment charges or similar charges owing by an Obligor pursuant to such Contract.

“Financial Institutions” has the meaning set forth in the preamble in this Agreement.

“Financial Institution Yield” means for each respective Rate Tranche Period relating to any Capital (or portion thereof) of any of the Financial Institutions, an amount equal to the product of the applicable Discount Rate for such Capital (or portion thereof) multiplied by the Capital (or portion thereof) of such Financial Institution for each day elapsed during such Rate Tranche Period, annualized on a 360 day basis.

“Fiscal Month” means any of the twelve consecutive four week or five week accounting periods used by PDCo for accounting purposes which begin on the Sunday after the last Saturday in April of each year and ending on the last Saturday in April of the next year.

“Funding Agreement” means (i) this Agreement and (ii) any agreement or instrument executed by any Funding Source with or for the benefit of a Conduit.

“Funding Source” means with respect to any Conduit (i) such Conduit’s Related Financial Institution(s) or (ii) any insurance company, bank or other funding entity providing liquidity, credit enhancement or back-up purchase support or facilities to such Conduit.

“GAAP” means generally accepted accounting principles in effect in the United States of America as of the date of this Agreement, *provided*, that if there occurs after the date of this Agreement any change in GAAP that affects in any material respect the calculation of any amount described in Sections 9.1(f), Agent and Seller shall negotiate in good faith amendments to the provisions of this Agreement that relate to the calculation of such amounts with the intent of having the respective positions of Agent and the Purchasers and Seller after such change in GAAP conform as nearly as possible to their respective positions as of the date of this Agreement and, until any such amendments have been agreed upon, the amounts described in Sections 9.1(f) shall be calculated as if no such change in GAAP has occurred.

“Government Receivables” means any Receivables for which the related Obligor is the United States of America, any State or local government or any Federal or state agency or instrumentality or political subdivision thereof.

“Group A Obligor” means an Obligor (or its parent or majority owner, as applicable, if such parent or majority owner is a guarantor on the related Contract) with a short-term rating of at least: (a) “A-1” by Standard & Poor’s or, if such Obligor does not have a short-term rating from Standard & Poor’s, a rating of “A+” or better by Standard & Poor’s on such Obligor’s (or, if applicable, its parent’s or its majority owner’s) long-term senior unsecured and uncredit-

enhanced debt securities, and (b) “P-1” by Moody’s, or, if such Obligor does not have a short-term rating from Moody’s, a rating of “A1” or better by Moody’s on such Obligor’s (or, if applicable, its parent’s or its majority owner’s) long-term senior unsecured and uncredit-enhanced debt securities; provided, that if an Obligor (or its parent or majority owner, as applicable, if such parent or majority owner is a guarantor on the related Contract) receives a split rating from Standard & Poor’s and Moody’s, then such Obligor (or its parent or majority owner, as applicable) shall be deemed to have the lower of the two ratings; provided, further, that if an Obligor (or its parent or majority owner, as applicable, if such parent or majority owner is a guarantor on the related Contract) is rated by either Standard & Poor’s or Moody’s, but not both, and satisfies either clause (a) or clause (b) above, then such Obligor (or its parent or majority owner, as applicable) shall be deemed to be a Group B Obligor. Notwithstanding the foregoing, any Obligor that is a Subsidiary or an Affiliate of an Obligor that satisfies the definition of “Group A Obligor” shall be deemed to be a Group A Obligor and shall be aggregated with the Obligor that satisfies such definition for the purposes of clause (a) of the definition of “Excess Concentration” for such Obligors, unless such deemed Obligor separately satisfies the definition of “Group A Obligor”, “Group B Obligor”, or “Group C Obligor”, in which case such Obligor shall be separately treated as a Group A Obligor, a Group B Obligor or a Group C Obligor, as the case may be, and shall be aggregated and combined for such purposes with any of its Subsidiaries that are Obligors.

“Group B Obligor” means an Obligor (or its parent or majority owner, as applicable, if such parent or majority owner is a guarantor on the related Contract) that is not a Group A Obligor and that has a short-term rating of at least: (a) “A-2” by Standard & Poor’s or, if such Obligor does not have a short-term rating from Standard & Poor’s, a rating of “BBB+” or better by Standard & Poor’s on such Obligor’s (or, if applicable, its parent’s or its majority owner’s) long-term senior unsecured and uncredit-enhanced debt securities, and (b) “P-2” by Moody’s or, if such Obligor does not have a short-term rating from Moody’s, a rating of “Baa1” or better by Moody’s on such Obligor’s (or, if applicable, its parent’s or its majority owner’s) long-term senior unsecured and uncredit-enhanced debt securities; provided, that if an Obligor (or its parent or majority owner, as applicable, if such parent or majority owner is a guarantor on the related Contract) receives a split rating from Standard & Poor’s and Moody’s, then such Obligor (or its parent or majority owner, as applicable) shall be deemed to have the lower of the two ratings; provided, further, that if an Obligor (or its parent or majority owner, as applicable, if such parent or majority owner is a guarantor on the related Contract) is rated by either Standard & Poor’s or Moody’s, but not both, and satisfies either clause (a) or clause (b) above, then such Obligor (or its parent or majority owner, as applicable) shall be deemed to be a Group C Obligor. Notwithstanding the foregoing, any Obligor that is a Subsidiary or Affiliate of an Obligor that satisfies the definition of “Group B Obligor” shall be deemed to be a Group B Obligor and shall be aggregated with the Obligor that satisfies such definition for the purposes of clause (a) of the definition of “Excess Concentration” for such Obligors, unless such deemed Obligor separately satisfies the definition of “Group A Obligor”, “Group B Obligor”, or “Group C Obligor”, in which case such Obligor shall be separately treated as a Group A Obligor, a Group B Obligor or a Group C Obligor, as the case may be, and shall be aggregated and combined for such purposes with any of its Subsidiaries that are Obligors.

“Group C Obligor” means an Obligor (or its parent or majority owner, as applicable, if such parent or majority owner is a guarantor on the related Contract) that is not a Group A Obligor or a Group B Obligor and that has a short-term rating of at least: (a) “A-3” by Standard & Poor’s or, if such Obligor does not have a short-term rating from Standard & Poor’s, a rating of “BBB-” or better by Standard & Poor’s on such Obligor’s (or, if applicable, its parent’s or its majority owner’s) long-term senior unsecured and uncredit-enhanced debt securities, and (b) “P-3” by Moody’s or, if such Obligor does not have a short-term rating from Moody’s, a rating of “Baa3” or better by Moody’s on such Obligor’s (or, if applicable, its parent’s or its majority owner’s) long-term senior unsecured and uncredit-enhanced debt securities; provided, that if an Obligor (or its parent or majority owner, as applicable, if such parent or majority owner is a guarantor on the related Contract) receives a split rating from Standard & Poor’s and Moody’s, then such Obligor (or its parent or majority owner, as applicable) shall be deemed to have the lower of the two ratings; provided, further, that if an Obligor (or its parent or majority owner, as applicable, if such parent or majority owner is a guarantor on the related Contract) is rated by either Standard & Poor’s or Moody’s, but not both, and satisfies either clause (a) or clause (b) above, then such Obligor (or its parent or majority owner, as applicable) shall be deemed to be a Group D Obligor. Notwithstanding the foregoing, any Obligor that is a Subsidiary or Affiliate of an Obligor that satisfies the definition of “Group C Obligor” shall be deemed to be a Group C Obligor and shall be aggregated with the Obligor that satisfies such definition for the purposes of clause (a) of the definition of “Excess Concentration” for such Obligors, unless such deemed Obligor separately satisfies the definition of “Group A Obligor”, “Group B Obligor”, or “Group C Obligor”, in which case such Obligor shall be separately treated as a Group A Obligor, a Group B Obligor or a Group C Obligor, as the case may be, and shall be aggregated and combined for such purposes with any of its Subsidiaries that are Obligors.

“Group D Obligor” means any Obligor that is not a Group A Obligor, Group B Obligor or Group C Obligor, any Obligor (or its parent or majority owner, as applicable, if such Obligor is unrated) that is rated by neither Moody’s nor Standard & Poor’s shall be a Group D Obligor.

“Incremental Purchase” has the meaning set forth in Section 1.1(a).

“Indebtedness” of a Person means such Person’s (i) obligations for borrowed money, (ii) obligations representing the deferred purchase price of property or services (other than accounts payable arising in the ordinary course of such Person’s business payable on terms customary in the trade), (iii) obligations, whether or not assumed, secured by liens or payable out of the proceeds or production from property now or hereafter owned or acquired by such Person, (iv) obligations which are evidenced by notes, acceptances, or other instruments, (v) capitalized lease obligations, (vi) net liabilities under interest rate swap, exchange or cap agreements, (vii) Contingent Obligations and (viii) liabilities in respect of unfunded vested benefits under plans covered by Title IV of ERISA.

“Indemnified Amounts” has the meaning set forth in Section 10.1.

“Indemnified Party” has the meaning set forth in Section 10.1.

“Independent Governor” shall mean a member of the Board of Governors of Seller who (i) shall not have been at the time of such Person’s appointment or at any time during the preceding five years, and shall not be as long as such Person is a governor of Seller, (A) a director, officer, employee, partner, shareholder, member, manager, governor or Affiliate of any of the following Persons (collectively, the **“Independent Parties”**): Servicer, any Patterson Entity, or any of their respective Subsidiaries or Affiliates (other than Seller), (B) a supplier to any of the Independent Parties, (C) a Person controlling or under common control with any partner, shareholder, member, manager, governor, Affiliate or supplier of any of the Independent Parties, or (D) a member of the immediate family of any director, officer, employee, partner, shareholder, member, manager, Affiliate or supplier of any of the Independent Parties; (ii) has prior experience as an independent director or governor for a corporation or limited liability company whose charter documents required the unanimous consent of all independent directors or governors thereof before such corporation or limited liability company could consent to the institution of bankruptcy or insolvency proceedings against it or could file a petition seeking relief under any applicable federal or state law relating to bankruptcy and (iii) has at least three years of employment experience with one or more entities that provide, in the ordinary course of their respective businesses, advisory, management or placement services to issuers of securitization or structured finance instruments, agreements or securities and is employed by any such entity.

“Interest Expense Coverage Ratio” shall have the meaning assigned to such term in the Credit Agreement as in effect on the Amendment Date, including all defined terms used within such term which defined terms and definitions thereof are incorporated by reference herein; provided, however, that in the event the Credit Agreement is terminated or such defined term is no longer used in the Credit Agreement, the respective meaning assigned to such term immediately preceding such termination or non-usage shall be used for purposes of this Agreement. If, after the Amendment Date, the Interest Expense Coverage Ratio maintenance covenant set forth in Section 6.21 of the Credit Agreement (or any of the defined terms used in connection with such covenant (including the term **“Interest Expense Coverage Ratio”**)) is amended, modified or waived, then the test set forth in this Agreement or the defined terms used therein, as applicable, shall, for all purposes of this Agreement, automatically and without further action on the part of any Person, be deemed to be also so amended, modified or waived, if at the time of such amendment, modification or waiver, (i) each Purchaser Agent and the Agent is a party to the Credit Agreement and (ii) such amendment, modification or waiver is consummated in accordance with the terms of the Credit Agreement.

“Invoice Payment Terms” means, with respect to any Receivable, the number of days following the date of the related original invoice by which such Receivable is required to be paid in full, as set forth in such original invoice.

“JPMorgan” means JPMorgan Chase Bank, N.A. in its individual capacity and its successors and assigns.

“Legal Maturity Date” means the date that is one hundred and eighty days following the due date of the latest maturing Receivable in the Asset Portfolio on the date of the occurrence of the Amortization Date.

“Leverage Ratio” shall have the meaning assigned to such term in the Credit Agreement as in effect on the Amendment Date, including all defined terms used within such term which defined terms and definitions thereof are incorporated by reference herein; provided, however, that in the event the Credit Agreement is terminated or such defined term is no longer used in the Credit Agreement, the respective meaning assigned to such term immediately preceding such termination or non-usage shall be used for purposes of this Agreement. If, after the Amendment Date, the Leverage Ratio maintenance covenant set forth in Section 6.20 of the Credit Agreement (or any of the defined terms used in connection with such covenant (including the term “Leverage Ratio”)) is amended, modified or waived, then the test set forth in this Agreement or the defined terms used therein, as applicable, shall, for all purposes of this Agreement, automatically and without further action on the part of any Person, be deemed to be also so amended, modified or waived, if at the time of such amendment, modification or waiver, (i) each Purchaser Agent and the Agent is a party to the Credit Agreement and (ii) such amendment, modification or waiver is consummated in accordance with the terms of the Credit Agreement.

“LIBO Rate” means the rate per annum equal to the greater of (a) 0.00% and (b) the sum of (i) (a) the London interbank offered rate administered by ICE Benchmark Administration Limited (or any person which takes over the administration of that rate) for deposits in U.S. dollars, as published by Reuters (or any successor thereto), as of 11:00 a.m. (London time) two Business Days prior to the first day of the relevant Rate Tranche Period, and having a maturity equal to such Rate Tranche Period, provided that, (i) if Reuters (or any successor thereto) is not publishing such information for any reason, the applicable LIBO Rate for the relevant Rate Tranche Period shall instead be the London interbank offered rate administered by ICE Benchmark Administration Limited (or any person which takes over the administration of that rate) for deposits in U.S. dollars, as reported by any other generally recognized financial information service as of 11:00 a.m. (London time) two Business Days prior to the first day of such Rate Tranche Period, and having a maturity equal to such Rate Tranche Period, and (ii) if no such London interbank offered rate is available to Agent, the applicable LIBO Rate for the relevant Rate Tranche Period shall instead be the rate determined by Agent to be the rate at which MUFG offers to place deposits in U.S. dollars with first-class banks in the London interbank market at approximately 11:00 a.m. (London time) two Business Days prior to the first day of such Rate Tranche Period, in the approximate amount to be funded at the LIBO Rate and having a maturity equal to such Rate Tranche Period, divided by (b) one minus the maximum aggregate reserve requirement (including all basic, supplemental, marginal or other reserves) which is imposed against Agent in respect of Eurocurrency liabilities, as defined in Regulation D of the Board of Governors of the Federal Reserve System as in effect from time to time (expressed as a decimal), applicable to such Rate Tranche Period plus (ii) 1.00% per annum. The LIBO Rate shall be rounded, if necessary, to the next higher 1/16 of 1%.

“**Lock-Box**” means each locked postal box with respect to which a bank who has executed a Collection Account Agreement has been granted exclusive access for the purpose of retrieving and processing payments made on the Receivables and which is listed on Exhibit IV.

“**Loss Horizon Ratio**” means, as of any Cut-Off Date, the ratio (expressed as a decimal) computed by dividing (i) the result of (x) the aggregate Outstanding Balance of Receivables generated by the Originators during the preceding three (3) Fiscal Months prior to the Fiscal Month ending on such Cut-Off Date, minus (y) the aggregate Excluded Sales with respect to Receivables generated by the Originators during the preceding three (3) Fiscal Months prior to the Fiscal Month ending on such Cut-Off Date, by (ii) the amount equal to the Net Portfolio Balance as of the last day of the most recently ended Fiscal Month.

“**Loss Ratio**” means, as of any Cut-Off Date, the ratio (expressed as a decimal) computed by dividing (i) the aggregate Outstanding Balance of all Defaulted Receivables on such Cut-Off Date by (ii) the result of (x) the aggregate Outstanding Balance of Receivables generated by the Originators during the Fiscal Month four (4) months prior to the Fiscal Month ending on such Cut-Off Date, minus (y) the aggregate Excluded Sales with respect to Receivables generated by the Originators during the Fiscal Month four (4) months prior to the Fiscal Month ending on such Cut-Off Date.

“**Loss Reserve Floor**” means 10.0%.

“**Losses**” means the Outstanding Balance of any Charged-Off Receivable.

“**Losses-to-Liquidation Ratio**” means, as of any Cut-Off Date, the ratio (expressed as a decimal) computed by dividing: (i) the aggregate Losses (net of recoveries) during the Fiscal Month ending on such Cut-Off Date on all Receivables, by (ii) the aggregate amount of Collections (other than Deemed Collections) received during the Fiscal Month ending on such Cut-Off Date.

“**Material Adverse Effect**” means a material adverse effect on (i) the financial condition or operations of any Seller Party and its Subsidiaries, (ii) the ability of any Seller Party to perform its obligations under this Agreement or the Performance Provider to perform its obligations under the Performance Undertaking, (iii) the legality, validity or enforceability of this Agreement or any other Transaction Document, (iv) any Purchaser’s interest in the Receivables generally or in any significant portion of the Receivables, the Related Security or the Collections with respect thereto, or (v) the collectibility of the Receivables generally or of any material portion of the Receivables.

“**Modified Receivable**” means a Receivable as to which the payment terms of the related Contract have been extended or modified for credit reasons since the origination of such Receivable.

“**Monthly Report**” means a report, in substantially the form of Exhibit X hereto (appropriately completed), furnished by Servicer to Agent and each Purchaser Agent pursuant to Section 8.5.

“Moody’s” means Moody’s Investors Service, Inc.

“MUFG” has the meaning set forth in the preamble to this Agreement.

“MUFG Roles” has the meaning set forth in Section 14.13(a).

“Net Portfolio Balance” means, at any time, the aggregate Outstanding Balance of all Eligible Receivables at such time reduced by the Excess Concentration at such time.

“Non-Renewing Financial Institution” has the meaning set forth in Section 4.6(a).

“Obligations” shall have the meaning set forth in Section 2.1.

“Obligor” means a Person obligated to make payments pursuant to a Contract.

“OFAC” has the meaning set forth in the definition of Sanctioned Person.

“Off-Balance Sheet Liability” of a Person means the principal component of (i) any repurchase obligation or liability of such Person with respect to accounts or notes receivable sold by such Person, (ii) any liability under any sale and leaseback transaction which is not a capitalized lease, (iii) any liability under any so-called “synthetic lease” or “tax ownership operating lease” transaction entered into by such Person, (iv) any receivables purchase or financing facility or (v) any obligation arising with respect to any other transaction which is the functional equivalent of or takes the place of borrowing but which does not constitute a liability on the consolidated balance sheets of such Person, but excluding from this clause (v) all operating leases.

“Originator” means PDSI, in its capacity as seller under the Receivables Sale Agreement, and any other seller from time to time party thereto.

“Other Costs” shall have the meaning set forth in Section 10.3.

“Other Sellers” shall have the meaning set forth in Section 10.4.

“Outstanding Balance” of any Receivable at any time means the then outstanding principal balance thereof.

“Participant” has the meaning set forth in Section 12.2.

“Patriot Act” has the meaning set forth in Section 14.19.

“Patterson Entity” means each of PDCo, the Servicer and each Originator and their respective successors and assigns.

“Payment Instruction” has the meaning set forth in Section 1.4.

“PDCo” means Patterson Companies, Inc., a Minnesota corporation, together with its successors and assigns.

“PDSI” has the meaning set forth in the preamble to this Agreement.

“Performance Provider” means PDCo in its capacity as Provider under the Performance Undertaking.

“Performance Undertaking” means that certain Performance Undertaking, dated as of the Closing Date, by Performance Provider in favor of Seller, substantially in the form of Exhibit XI, as the same may be amended, restated, supplemented or otherwise modified from time to time.

“Person” means an individual, partnership, corporation (including a business trust), limited liability company, joint stock company, trust, unincorporated association, joint venture or other entity, or a government or any political subdivision or agency thereof.

“Potential Amortization Event” means an event which, with the passage of time or the giving of notice, or both, would constitute an Amortization Event.

“Prime Rate” means a rate per annum equal to the prime rate of interest announced from time to time by MUFG or its parent (which is not necessarily the lowest rate charged to any customer), changing when and as said prime rate changes.

“Product Return Estimate” means, as of any date of determination, the aggregate amount of Dilution or similar adjustments that are expected by the Servicer to be made or otherwise incurred with respect to the then outstanding Receivables and solely as a result of returned goods, as such expected Dilution and similar adjustments are reflected on the books and records of the Originator and the Seller and reserved for by the Originator and the Seller, as determined in consultation with the external accountants of the Originator and in accordance with the customary procedures established by the Originator and such accountants.

“Proposed Reduction Date” has the meaning set forth in Section 1.3.

“Pro Rata Share” means, (a) for each Financial Institution, a percentage equal to (i) the Commitment of such Financial Institution, divided by (ii) the aggregate amount of all Commitments of all Financial Institutions, adjusted as necessary to give effect to the application of the terms of Section 4.6, and (b) for each Conduit, a percentage equal to (i) the Conduit Purchase Limit of such Conduit, divided by (ii) the aggregate amount of all Conduit Purchase Limits of all Conduits hereunder.

“Purchase” means an Incremental Purchase or a Reinvestment.

“Purchase Limit” means \$140,000,000, as such amount may be modified in accordance with the terms of Section 4.6(b).

“Purchase Notice” has the meaning set forth in Section 1.2(a).

“Purchaser Agent Roles” has the meaning set forth in Section 14.13(b).

“Purchaser Agents” has the meaning set forth in the preamble to this Agreement.

“Purchaser Group” means with respect to (i) each Conduit, a group consisting of such Conduit, its Purchaser Agent and its Related Financial Institution(s), (ii) each Financial Institution, a group consisting of such Financial Institution, the Conduit (if any) for which such Financial Institution is a Related Financial Institution, its Purchaser Agent and each other Financial Institution that is a Related Financial Institution for such Conduit (if any) and (iii) each Purchaser Agent, a group consisting of such Purchaser Agent and the Conduit (if any) and Related Financial Institution(s) for which such Purchaser Agent is acting as Purchaser Agent hereunder.

“Purchasers” means each Conduit and each Financial Institution.

“Purchasing Financial Institution” has the meaning set forth in [Section 12.1\(b\)](#).

“Rate Tranche Period” means, with respect to any portion of the Asset Portfolio held by a Financial Institution:

(a) if Financial Institution Yield for any portion of such Financial Institution’s Capital is calculated on the basis of the LIBO Rate, (i) initially, the period commencing on the date of the Incremental Purchase pursuant to which such Capital was first funded and ending on the next Settlement Date and (ii) thereafter, each period commencing on such Settlement Date and ending on the next Settlement Date; or

(b) if Financial Institution Yield for any portion of such Financial Institution’s Capital is calculated on the basis of the Alternate Base Rate, (i) initially, the period commencing on the date of the Incremental Purchase pursuant to which such Capital was first funded and ending on the next Settlement Date and (ii) thereafter, each period commencing on such Settlement Date and ending on the next Settlement Date.

If any Rate Tranche Period would end on a day which is not a Business Day, such Rate Tranche Period shall end on the next succeeding Business Day. In the case of any Rate Tranche Period for any portion of any Financial Institution’s Capital which commences before the Amortization Date and would otherwise end on a date occurring after the Amortization Date, such Rate Tranche Period shall end on the Amortization Date. The duration of each Rate Tranche Period which commences after the Amortization Date shall be of such duration as selected by the applicable Financial Institution.

“Ratings Request” has the meaning as specified in [Section 10.2\(c\)](#).

“Rebilled Invoice” means, with respect to any Receivable, any invoice that was issued in replacement of a prior Erroneous Invoice.

“Receivable” means all indebtedness and other obligations owed to Seller or an Originator (at the time it arises, and before giving effect to any transfer or conveyance under the Receivables Sale Agreement or hereunder) or in which Seller or an Originator has a security

interest or other interest, including, without limitation, any indebtedness, obligation or interest constituting an account, chattel paper, instrument or general intangible, arising in connection with the sale, licensing or financing of goods or the rendering of services by an Originator, and further includes, without limitation, the obligation to pay any Finance Charges with respect thereto; provided, however, that “Receivable” shall not include any Excluded Receivable. Indebtedness and other rights and obligations arising from any one transaction, including, without limitation, indebtedness and other rights and obligations represented by an individual invoice, shall constitute a Receivable separate from a Receivable consisting of the indebtedness and other rights and obligations arising from any other transaction; provided further, that any indebtedness, rights or obligations referred to in the immediately preceding sentence shall be a Receivable regardless of whether the account debtor, any Originator or Seller treats such indebtedness, rights or obligations as a separate payment obligation.

“**Receivables Sale Agreement**” means that certain Receivables Sale Agreement, dated as of the Closing Date, by and among the Originators and Seller, as amended, restated, supplemented or otherwise modified from time to time.

“**Records**” means, with respect to any Receivable, all Contracts and other documents, books, records and other information (including, without limitation, computer programs, tapes, disks, punch cards, data processing software and related property and rights) relating to such Receivable, any Related Security therefor and the related Obligor.

“**Reduction Notice**” has the meaning set forth in Section 1.3.

“**Regulatory Change**” shall mean (i) the adoption after the date hereof of any applicable law, rule or regulation (including any applicable law, rule or regulation regarding capital adequacy) or any change therein after the date hereof, (ii) any change after the date hereof in the interpretation or administration thereof by any governmental authority, central bank or comparable agency charged with the interpretation or administration thereof, or compliance with any request or directive (whether or not having the force of law) of any such authority, central bank or comparable agency, or (iii) the compliance, whether commenced prior to or after the date hereof, by any Funding Source or Purchaser with (a) the final rule titled Risk-Based Capital Guidelines; Capital Adequacy Guidelines; Capital Maintenance: Regulatory Capital; Impact of Modifications to Generally Accepted Accounting Principles; Consolidation of Asset-Backed Commercial Paper Programs; and Other Related Issues, adopted by the United States bank regulatory agencies on December 15, 2009, or any rules or regulations promulgated in connection therewith by any such agency; (b) the Dodd-Frank Wall Street Reform and Consumer Protection Act adopted by Congress on July 21, 2010 or (c) the revised Basel Accord prepared by the Basel Committee on Banking Supervision as set out in the publication entitled “International Convergence of Capital Measurements and Capital Standards: a Revised Framework,” as updated from time to time (including, without limitation, the Basel II and Basel III).

“**Reinvestment**” has the meaning set forth in Section 1.5.

“Related Financial Institution” means with respect to each Conduit, each Financial Institution set forth opposite such Conduit’s name on Schedule A to this Agreement and/or, in the case of an assignment pursuant to Section 12.1, set forth in the applicable Assignment Agreement.

“Related Goods” means with respect to any Receivable, the goods sold or licensed to or financed for the Obligor which sale, licensing or financing gave rise to such Receivable and all financing statements or other filings with respect thereto.

“Related Security” means, with respect to any Receivable:

(i) all of Seller’s interest in the Related Goods or other inventory and goods (including returned or repossessed inventory or goods), if any, the sale, licensing or financing of which by the applicable Originator gave rise to such Receivable, and all insurance contracts with respect thereto,

(ii) all other security interests or liens and property subject thereto from time to time, if any, purporting to secure payment of such Receivable, whether pursuant to the Contract related to such Receivable or otherwise, together with all financing statements and security agreements describing any collateral securing such Receivable,

(iii) all guaranties, letters of credit, insurance, “supporting obligations” (within the meaning of Section 9-102(a) of the UCC of all applicable jurisdictions) and other agreements or arrangements of whatever character from time to time supporting or securing payment of such Receivable whether pursuant to the Contract related to such Receivable or otherwise,

(iv) all service contracts and other contracts and agreements associated with such Receivable,

(v) all Records related to such Receivable,

(vi) all of Seller’s right, title and interest in, to and under the Receivables Sale Agreement and the Performance Undertaking,

(vii) all of Seller’s right, title and interest in and to each Lock-Box and Collection Account, and any and all agreements related thereto,

(viii) all Collections in respect thereof, and

(ix) all proceeds of such Receivable and any of the foregoing.

“Relevant Governmental Body” means the Federal Reserve Board and/or the Federal Reserve Bank of New York, or a committee officially endorsed or convened by the Federal Reserve Board and/or the Federal Reserve Bank of New York or any successor thereto.

“Required Purchasers” means, at any time, the Financial Institutions with Commitments in excess of 75% of the aggregate Commitments hereunder; provided, however, at any time there are only two Financial Institutions, “Required Purchasers” shall mean both such Financial Institutions.

“Required Ratings” has the meaning as specified in Section 10.2(c).

“Required Reserve” means, on any day during a Fiscal Month, (i) the greater of (a) the sum of the Loss Reserve Floor, the Dilution Reserve Floor Percentage the Yield Reserve Percentage, and Servicing Reserve Percentage and (b) the sum of the Dynamic Loss Reserve Percentage, the Dynamic Dilution Reserve Percentage, the Yield Reserve Percentage, and the Servicing Reserve Percentage, multiplied by (ii) the Net Portfolio Balance as of such date, plus (iii) the Product Return Estimate as of such date.

“Restricted Junior Payment” means (i) any dividend or other distribution, direct or indirect, on account of any shares of any class of membership units of Seller now or hereafter outstanding, except a dividend payable solely in shares of that class of membership units or in any junior class of membership units of Seller, (ii) any redemption, retirement, sinking fund or similar payment, purchase or other acquisition for value, direct or indirect, of any shares of any class of membership units of Seller now or hereafter outstanding, (iii) any payment or prepayment of principal of, premium, if any, or interest, fees or other charges on or with respect to, and any redemption, purchase, retirement, defeasance, sinking fund or similar payment and any claim for rescission with respect to the Subordinated Loans (as defined in the Receivables Sale Agreement), (iv) any payment made to redeem, purchase, repurchase or retire, or to obtain the surrender of, any outstanding warrants, options or other rights to acquire shares of any class of membership units of Seller now or hereafter outstanding, and (v) any payment of management fees by Seller (except for reasonable management fees to the Originators or their Affiliates in reimbursement of actual management services performed).

“RPA Deferred Purchase Price” has the meaning set forth in Section 1.6.

“Sanctioned Country” means, at any time, a country or territory which is the subject or target of any Sanctions, including as of the Amendment Date, Cuba, Crimea (Ukraine), Iran, Syria and North Korea.

“Sanctioned Person” means, at any time, (a) any Person currently the subject or the target of any Sanctions, including any Person listed in any Sanctions-related list of designated Persons maintained by the Office of Foreign Assets Control of the U.S. Department of the Treasury (“OFAC”) (or any successor thereto) or the U.S. Department of State, or as otherwise published from time to time; (b) that is fifty-percent or more owned, directly or indirectly, in the aggregate by one or more Persons described in clause (a) above; (c) that is operating, organized or resident in a Sanctioned Country; (d) with whom engaging in trade, business or other activities is otherwise prohibited or restricted by Sanctions; or (e) (i) an agency of the government of a Sanctioned Country, (ii) an organization controlled by a Sanctioned Country, or (iii) a Person resident in a Sanctioned Country, to the extent subject to a sanctions program administered by OFAC.

“**Sanctions**” means the laws, rules, regulations and executive orders promulgated or administered to implement economic or financial sanctions or trade embargoes imposed, administered or enforced from time to time (a) by the U.S. government, including those administered by OFAC, the U.S. State Department, the U.S. Department of Commerce or the U.S. Department of the Treasury, (b) by the United Nations Security Council, the European Union or Her Majesty’s Treasury of the United Kingdom or (c) by other relevant sanctions authorities to the extent compliance with the sanctions imposed by such other authorities would not entail a violation of applicable law.

“**S&P**” means Standard & Poor’s Ratings Services, a division of The McGraw-Hill Companies, Inc.

“**Scheduled Termination Date**” means August 21, 2020, as extended by the mutual agreement of Seller, Agent, the Purchaser Agents and the Purchasers in accordance with Section 4.6(a).

“**Seller**” has the meaning set forth in the preamble to this Agreement.

“**Seller Parties**” has the meaning set forth in the preamble to this Agreement.

“**Seller Party**” has the meaning set forth in the preamble to this Agreement.

“**Servicer**” means at any time the Person (which may be Agent) then authorized pursuant to Article VIII to service, administer and collect Receivables.

“**Servicing Fee**” has the meaning set forth in Section 8.6.

“**Servicing Fee Rate**” means 1.0% *per annum*.

“**Servicing Reserve Percentage**” means, at any time, a percentage equal to the product of (i) the Servicing Fee Rate divided by 360, times (ii) the Days Sales Outstanding at such time.

“**Settlement Date**” means (A) the 13th day of each calendar month, and (B) the last day of the relevant Rate Tranche Period in respect of each portion of Capital of any Financial Institution; or, in each case, if such day is not a Business Day, then the first Business Day thereafter.

“**Settlement Period**” means (i) in respect of the Capital of any Conduit, each Accrual Period and (ii) in respect of each portion of Capital of any Financial Institution, the entire Rate Tranche Period of such portion of Capital.

“**SOFR**” with respect to any day means the secured overnight financing rate published for such day by the Federal Reserve Bank of New York, as the administrator of the benchmark, (or a successor administrator) on the Federal Reserve Bank of New York’s Website.

“**Subordinated Note**” has the meaning set forth in the Receivables Sale Agreement.

“Subsidiary” of a Person means (i) any corporation more than 50% of the outstanding securities having ordinary voting power of which shall at the time be owned or controlled, directly or indirectly, by such Person or by one or more of its Subsidiaries or by such Person and one or more of its Subsidiaries, or (ii) any partnership, association, limited liability company, joint venture or similar business organization more than 50% of the ownership interests having ordinary voting power of which shall at the time be so owned or controlled. Unless otherwise expressly provided, all references herein to a “Subsidiary” shall mean a Subsidiary of Seller.

“Term SOFR” means the forward-looking term rate based on SOFR that has been selected or recommended by the Relevant Governmental Body.

“Terminating Commitment Amount” means, with respect to any Terminating Financial Institution, an amount equal to the Commitment (without giving effect to clause (iii) of the proviso to the penultimate sentence of Section 4.6(b)) of such Terminating Financial Institution, minus an amount equal to 2% of such Commitment.

“Terminating Commitment Availability” means, with respect to any Terminating Financial Institution, the positive difference (if any) between (a) an amount equal to the Commitment (without giving effect to clause (iii) of the proviso to the penultimate sentence of Section 4.6(b)) of such Terminating Financial Institution, minus an amount equal to 2% of such Commitment, minus (b) the Capital funded by such Terminating Financial Institution.

“Terminating Financial Institution” has the meaning set forth in Section 4.6(b).

“Termination Date” has the meaning set forth in Section 2.2(c).

“Termination Percentage” has the meaning set forth in Section 2.2(c).

“Transaction Documents” means, collectively, this Agreement, each Purchase Notice, the Receivables Sale Agreement, the Performance Undertaking, each Collection Account Agreement, each Fee Letter, the Subordinated Note and all other instruments, documents and agreements executed and delivered in connection herewith, in each case, as amended, restated, supplemented or otherwise modified from time to time.

“UCC” means the Uniform Commercial Code as from time to time in effect in the specified jurisdiction.

“Unadjusted Benchmark Replacement” means the Benchmark Replacement excluding the Benchmark Replacement Adjustment.

“US Bank” means U.S. Bank National Association, a national banking association, together with its successors and assigns.

“Yield Reserve Percentage” means, at any time, a percentage equal to the product of (i) the Alternate Base Rate as of such date divided by 360, (ii) 1.5 and (iii) the highest the Days Sales Outstanding over the most recent 12-months.

“*Wells Fargo*” means Wells Fargo Bank, N.A.

All accounting terms defined directly or by incorporation in this Agreement or the Receivables Sale Agreement shall have the defined meanings when used in any certificate or other document delivered pursuant thereto unless otherwise defined therein. For purposes of this Agreement, the Receivables Sale Agreement and all such certificates and other documents, unless the context otherwise requires: (a) accounting terms not specifically defined herein shall be construed in accordance with GAAP; (b) all terms used in Article 9 of the UCC in the State of New York, and not specifically defined herein, are used herein as defined in such Article 9; (c) references to any amount as on deposit or outstanding on any particular date means such amount at the close of business on such day; (d) the words “hereof,” “herein” and “hereunder” and words of similar import refer to such agreement (or the certificate or other document in which they are used) as a whole and not to any particular provision of such agreement (or such certificate or document); (e) references to any Section are references to such Section in such agreement (or the certificate or other document in which the reference is made), and references to any paragraph, subsection, clause or other subdivision within any Section or definition refer to such paragraph, subsection, clause or other subdivision of such Section or definition; (f) the term “including” means “including without limitation”; (g) references to any law, rule, regulation, or directive of any governmental or regulatory authority refer to such law, rule, regulation, or directive, as amended from time to time and include any successor law, rule, regulation, or directive; (h) references to any agreement refer to that agreement as from time to time amended or supplemented or as the terms of such agreement are waived or modified in accordance with its terms; (i) references to any Person include that Person’s successors and assigns; (j) headings are for purposes of reference only and shall not otherwise affect the meaning or interpretation of any provision hereof; (k) unless otherwise provided, in the calculation of time from a specified date to a later specified date, the term “from” means “from and including”, and the terms “to” and “until” each means “to but excluding”; (l) terms in one gender include the parallel terms in the neuter and opposite gender; and (m) the term “or” is not exclusive.

EXHIBIT 21**SUBSIDIARIES**

<u>NAME</u>	<u>JURISDICTION OF INCORPORATION</u>
Patterson Dental Holdings, Inc.	Minnesota
Patterson Dental Supply, Inc.	Minnesota
Dolphin Imaging Systems, LLC	Delaware
Dolphin Practice Management, LLC	Delaware
Direct Dental Supply Co.	Nevada
Patterson Technology Center, Inc.	Minnesota
Patterson Dental Canada Inc.	Canada
PCI Limited I, LLC	Delaware
PCI Limited II, LLC	Delaware
PCI Two Limited Partnership	England
PDC Funding Company, LLC	Minnesota
PDC Funding Company II, LLC	Minnesota
PDC Funding Company III, LLC	Minnesota
PDC Funding Company IV, LLC	Minnesota
Animal Health International, Inc.	Colorado
Aspen Veterinary Resources, Ltd.	Colorado
Hawaii Mega-Cor., Inc.	Hawaii
Turnkey Computer Systems, LLC	Texas
Advanced Veterinary Services, LLC	Colorado
AVS West, Inc.	California
IAH Properties, LLC	Colorado
Indiana Animal Health, LLC	Colorado
Patterson Veterinary Supply, Inc.	Minnesota
PVSI Products, LLC	Minnesota
Patterson Teleradiology, LLC	Colorado
Patterson Management, LP	Minnesota
PDCO HoldCo (Canada), Inc	Canada
Kane Veterinary Supplies, Ltd.	Canada
Patterson (PDCO) Holdings UK Limited	England and Wales
National Veterinary Services Limited	England and Wales
Patterson Logistics Services, Inc.	Minnesota

EXHIBIT 23

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the Registration Statements on Forms S-8 (Nos. 333-03583, 333-45742, 333-87488, 333-101691, 333-114643, 333-137497, 333-183979, 333-198694, 333-207116, 333-227511, and 333-235403) of Patterson Companies, Inc. of our reports dated June 24, 2020, with respect to the consolidated financial statements and schedule of Patterson Companies, Inc. and the effectiveness of internal control over financial reporting of Patterson Companies, Inc. included in this Annual Report (Form 10-K) of Patterson Companies, Inc. for the year ended April 25, 2020.

/s/ Ernst & Young LLP

Minneapolis, Minnesota
June 24, 2020

Exhibit 31.1

**Certification of the Chief Executive Officer Pursuant to
Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as
adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, Mark S. Walchirk, certify that:

1. I have reviewed this annual report on Form 10-K for the fiscal year ended April 25, 2020 of Patterson Companies, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: June 24, 2020

/s/ Mark S. Walchirk

Mark S. Walchirk

President and Chief Executive Officer

Exhibit 31.2

**Certification of the Chief Financial Officer Pursuant to
Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as
adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, Donald J. Zurbay, certify that:

1. I have reviewed this annual report on Form 10-K for the fiscal year ended April 25, 2020 of Patterson Companies, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: June 24, 2020

/s/ Donald J. Zurbay

Donald J. Zurbay

Chief Financial Officer and Treasurer

EXHIBIT 32.1

Certification of the Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Annual Report on Form 10-K of Patterson Companies, Inc., (the "Company") for the fiscal year ended April 25, 2020, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned officer of the Company certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to his knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

/s/ Mark S. Walchirk

Mark S. Walchirk

President and Chief Executive Officer

Date: June 24, 2020

EXHIBIT 32.2

**Certification of the Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as
adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Annual Report on Form 10-K of Patterson Companies, Inc., (the "Company") for the fiscal year ended April 25, 2020, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned officer of the Company certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to his knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

/s/ Donald J. Zurbay

Donald J. Zurbay

Chief Financial Officer and Treasurer

Date: June 24, 2020